Daily Report

Latin America

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FBIS-LAT-95-140 *21 July 1995*

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Argentina, Brazil Agree on Reducing Wheat Tariff

PY2107040095 Sao Paulo AGENCIA ESTADO in Portuguese 2259 GMT 20 Jul 95

[Report by Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 20 Jul (AE) — An Argentine Government source has told AGENCIA ESTADO that Brazil and Argentina agreed to reduce from 10 to 2 percent the Common External Tariff (CET) on wheat imports from countries outside the Common Market of the South [Mercosur]. They will now discuss the matter with their other two Mercosur partners, Paraguay and Uruguay.

Brazil officially proposed the CET reduction on wheat imports to Argentina on 11 July. On 13 July, Felix Cirio, Argentine production and marketing secretary, informed the Brazilian Government that Argentina "authorized" the CET reduction.

Argentina gave its concurrence with two conditions: The 2 percent tariff will be in force only from 28 July to 28 October, when the CET will rise again to 10 percent, and these imports will have to come from countries where wheat is not subsidized.

The Argentine decision "to impose" a period of merely three months for importing wheat at the 2 percent CET rate was made in light of the upcoming Argentine wheat harvest, which starts in October and ends in January 1996.

Parlacen Proposes Members Establish Ties With Cuba

PA2107011895 Panama City ACAN in Spanish 1917 GMT 19 Jul 95

[FBIS Translated Text] Guatemala City, 19 Jul (ACAN-EFE) — Guatemalan Deputy Fernando Muniz announced today that the Central American Parliament's (Parlacen) Human Rights Commission will propose to the countries in the region the establishment of relations with Cuba.

Muniz explained that the proposal will be made in August during the plenary sessions that the regional political forum will hold in Panama.

Although there is still no consensus within the Parlacen, the Human Rights Commission believes that Central America should establish relations with Cuba, according to Muniz.

"If the United States has initiated relations with Vietnam, it is time for Central America to talk with Cuba," the deputy underscored. He explained that it is yet to be defined whether the proposal will be for the establishment of only trade or diplomatic relations.

Of the Central American countries, only Nicaragua and Panama maintain relations with Cuba, and last week Belize restored diplomatic and trade relations with the island.

Muniz explained that the Human Rights Commission's decision does not seek support for the Cuban Government's policy, but for Cuba and the region to make the most of their resources in the areas of trade and tourism.

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Cuba

U.S. Proposal on Media Access Viewed

PA2107033295 Havana PRENSA LATINA in Spanish 2209 GMT 20 Jul 95

[FBIS Translated Text] Havana, 20 Jul (PL) — A Foreign Ministry spokesman confirmed here today that Cuban authorities have not received an official proposal from the United States to allow press agencies in the two countries to open offices in the other's capital.

Rafael Dausa, chief of the Information Department and alternate Foreign Ministry spokesman, said they have only learned about these alleged plans through public information.

THE NEW YORK TIMES reported on Monday, quoting administration sources, that President William Clinton is studying the possibility of allowing U.S. news organizations to open bureaus in Havana.

According to the newspaper, government officials said they are about to announce the measure, which would also allow Cuban media to open offices in the United States.

"We are closely following the information, but Cuba has yet to receive an official proposal from the United States," Dausa said during his usual weekly meeting with local and foreign journalists.

The spokesman answered a question as follows: "When it is received, it will be given the appropriate consideration." He added, however, that the decision to allow the opening of foreign media offices in Havana "is the exclusive responsibility" of the Havana Government.

When local authorities expelled an ASSOCIATED PRESS correspondent in 1969, Washington responded by banning Cuban press offices in the United States.

Although dozens of U.S. journalists regularly travel to the island every year to cover events, Cuba has refused to allow a permanent operation by U.S. media in the Cuban capital since that time.

Aside from the necessary authorization from the island's authorities, the U.S. blockade — which has lasted more than three decades — prohibits the opening of U.S. offices in Cuba.

According to THE TIMES, the measure would be part of various steps being studied by the White House to improve communications with the island as one of the "carrots" foreseen in the so-called Torricelli Law.

During a news conference held last week at the International Press Office (CPI), Cuban Foreign Minister Roberto Robaina said nothing resulting from that legislation "is good for Cuba."

Nevertheless, Robaina left a door open for a negotiation process with the United States, "provided they maintain the atmosphere of mutual respect" that has prevailed in the recent migration talks between the two countries.

Foreign Ministry Spokesman on U.S. Talks, Current Issues

PA2107024395 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jul 95

[Report by Barbara Betancourt from the "Evening Information Review" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Cuban Foreign Ministry Spokesman Rafael Dausa meets with local and foreign media every Thursday to analyze current issues. In his usual Thursday briefing, he referred to the recently concluded migration talks between Cuba and the United States.

[Dausa] "The discussions were characterized by an atmosphere of respect and a willingness to seriously examine the accords' implementation and to review the two parties' interpretations and opinions, as well as the mechanisms. No agreements were reached. The two parties coincided in their satisfaction at the tendency toward a normalization of migration relations between the two countries based on the adopted accords and their implementation. Finally, as was reported, a new round of talks was approved, presumably to be held in New York."

In reply to questions from the media, Dausa confirmed that the Cuban side again raised the issue of the economic blockade against the island and the negative effects of the restrictive measures dictated by the U.S. President on 20 August, but no agreements were reached.

[Dausa] "We all know about the 20 August measures that were established following the situation that arose last year. To be fair, I do not think those measures are consistent with the spirit of the accords reached between the two countries. In fact, I think those measures are unwarranted. If there is concern about implementation of the accords, I obviously believe the measures are some of the main obstacl

He also recognized that island's delegation condemned the recent prov on by right-wing groups of the Cuban immigrant mmunity in Miami against Cuba's airspace and mar ie areas.

[Dausa] "There are rum of new actions. The Miami media, the radio terroris in Miami, have referred to the possibility of new terrorist actions — they call them

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civil disobedience. I believe the Cuban Revolutionary Government's declaration was precise and clear. Cuba will react accordingly to any new attempt to violate our airspace or maritime areas. The anti-Cubans [los anti-Cubanos] should not confuse patience, responsibility, and caution with weakness. I believe that to confuse those terms would be a fatal error."

Moreover, Dausa indicated Cuba has yet to receive an official proposal from the U.S. Government to open branches for its main media organizations. The alternate Foreign Ministry spokesman also reasserted that Foreign Minister Roberto Robaina Gonzalez will travel to Peru on 26 July to attend the second inauguration of President Alberto Fujimori.

[Dausa] "The foreign minister will go on to Panama for an official visit between 30 July and 1 August. He will then go to Guyana on 2 August to head the Cuban delegation to the Cuban-Guyanese Intergovernmental Mixed Commission."

To conclude Thursday' news conference, Dausa read an official note from the Cuban Foreign Ministry.

[Dausa] "It states: The Republic of Cuba's Foreign Ministry wishes to express its deepest concern about the fate of 225 Lebanese citizens detained for more than 10 years at [word indistinct] detention camps and prisons in southern Lebanon, under Israeli control. Israeli authorities, in open defiance of the international community, continue to occupy southern Lebanon in violation of UN Resolution 425. They also systematically violate the Fourth Geneva Convention, which guarantees the protection of civilians who live under enemy occupation. Given this human tragedy, the Foreign Ministry appeals to the international community to mediate and pressure Tel Aviv authorities to comply with the pledges made to international organizations and at international events."

U.S. Efforts to 'Impose' Democracy Discussed

FL2107012995 Havana Radio Rebelde Network in Spanish 1600 GMT 7 Jul 95

["Straight Talk" with guest Fernando Davalos from Radio Taino and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Good afternoon, friends. This is "Straight Talk" on Radio Rebelde. Fernando Davalos brought up today's topic of discussion: the democracy they wish to impose on us from the outside. Of course, Davalos, this precedes...

[Davalos, interrupting] I did not broach that democracy; it is they who wish to impose it.

[Rodriguez, chuckling] You brought the topic.

[Davalos] I brought the topic.

[Rodriguez] I think this democracy the United States wants to impose on us is contradictory to our form of democracy, which we consider to be the correct form.

[Davalos] Yes, the democracy that they want to impose is an old, well known form; it is not something new to us. We don't want it because we know it very well — at least the majority of the people do.

[Rodriguez] Naturally. It is representative democracy.

[Davalos] The famous representative democracy; it is a democracy without representation. Did you know that? It is the democracy of the traditional parties, of the fanfare, of the party politician, the numbskull [chambelonera], and the democracy that facilitates stealing and thievery. Today, all of this is evident in nations around the world where there is no genuine democracy. But we know it well; we have lived with it for 60 years. At least it is well understood. We have our democratic system. A Paraguayan legislator visited Cuba about a month ago. When he returned to Paraguay, reporters asked him if he had observed democracy in Cuba. His reply was very enlightening: I observed democracy, but not like ours. How interesting! Yes, I saw democracy in Cuba. The government is for the people, but it is not the same as our type. And we know what "our type" means. With all respect, in Paraguay, in all American nations including the United States, because the United States pounds its chest like the center, the ...

[Rodriguez, interrupting] Champion!

[Davalos] Yes, the champion of democracy, but half of the population does not vote.

[Rodriguez] Of course, they are not interested in voting.

[Davalos] They don't care, so what kind of democracy is that where half the population does not vote, does not exercise its right, compared with Cuba? Here, over 95 percent of the people vote. I agree. There may be people who cannot and do not want to vote. Voting is our constitutional right. How representative is their system compared to ours — whether it is the United States or any other of these countries with representative democracies?

[Rodriguez] When they talk about imposing a democratic system, they underscore the issue of the president's election. Here in Cuba, we elect a president in the National Assembly of the People's Government. There is not a presidential-type regime, and in the majority of those other places, the president is elected directly by the people [as heard].

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[Davalos] They are thinking about that, but they are also thinking about the famous plurality of political parties. There are several things to be said about that. I, and many Cubans, have our opinions about the so-called plurality of political parties. It is no more than a mechanism to divide the people. That is what many people think here in Cuba. Furthermore, what type of plurality of political parties could exist? We know that the political parties that oppose the Revolution have annexation as their goal. They agree with the traditional goals of annexation. However, they forget something — our country, in which we have a modest democracy that we must improve, is a blockaded country. We can never forget that Cuba is and has always been blockaded. Blockaded, not only by the blockade, but by a very powerful military force. For 30 years, we have had to live with the rifle near us.

[Rodriguez] The world's most powerful country is our main enemy and threat.

[Davalos] Now, we can begin to see hints of change, even in official U.S. policies. This is undeniable. However, we can never forget just by picking up the lyre, as the Greeks did. They would debate wonderful things in the amphitheaters while the slaves were producing wheat and flour. There are perennial things in this country. This is a country that has been blockaded by the world's most powerful military force. What kind of representative democracy or political system could there be here when our main precoccupation is to defend ourselves and fight — by gripping a knife between our teeth — to defend Cuba.

[Rodriguez] Fernando Davalos is here today discussing the democracy they want to impose on us. Davalos, you spoke of the spot our enemies have us in, although you mentioned that there are signs that the tensions are perhaps beginning to lessen. However, they are just signs; there is no reason to imagine that they are ready to remove the pressure. We are still under a strict, rigorous blockade by which they attempt to smother us or condemn us to death through hunger, illness, etc. I believe when we talk about political party pluralism, when we talk about an alternative party to the single party we have in Cuba, we are talking about a party that will be financed by — and of course have worldwide support of — our enemy. I, therefore, believe an alternative party is currently unacceptable.

[Davalos] Yes, above all because the conflict in fundamental issues, such as sovereignty and independence, are not open for discussion. For example, we cannot sit around dreaming in a state of levitation about a state of rights that generates the free movement of views. In an individual plan, this free movement of views exists, but we can never forget that having the flour for next month's bread is not a sure thing. We are not assured of it because it costs us more than it does anyone else. They try to hinder the purchase. So what sense would it make, what mental exercise would be fulfilled by putting ourselves at the mercy of a Greek democracy when the nation is being fired at with a telescopic rifle, and they are trying to overthrow it? What is the objective of the blockade? To create problems among the people. Look at the type of mechanism this is! The objective of the blockade is to create problems for the Cuban Government with its people for lack of medicine. It is true, to live on six pounds of rice a month is hard. It is hard, but it is all we have to distribute. To sit down and ask for a political party whose objective would be annexation, at a time when Cuba is confronting elemental needs! We can never forget this. An economist stated that this situation generates the besieged syndrome. We are all thinking about filling our warehouses just in case we someday need it. We find ourselves doing things just in case. It's true: we do suffer the besieged syndrome. However, this is due to what we have lived through for 30 years. We cannot deny this. We need to change that way of thinking.

[Rodriguez] That way of thinking will change when the blockade ends. It cannot change sooner. Now, we do not have resources or the pipeline of resources, which came from the Soviet camp, to fill our warehouses. I wish we did have all our warehouses full.

[Davalos] I think it is good for us; we need experience in debating. We need to hold debates and arguments. However, before reaching that point, we need to be sure we can maintain our sovereignty. We will defend Cuba's existence. The recommendations they make from abroad endanger all of that.

[Rodriguez] The other recommendation they make is that the president be elected by the people. In presidential regimes, where the president is elected by the majority...

[Davalos, interrupting] Supposedly by the majority.

[Rodriguez] Yes, supposedly. Only a majority of voters can remove him from office. We have seen in Latin America — in Peru — that a president who is backed by the voters can carry out a coup d'etat, place himself at the head of the new government, and eliminate all other government administration. He is the maximum authority. It is very hard for someone to legally act against him. When a president is elected by a parliament — this happens in Europe and other countries — the parliament can dismiss the president. I think this is an interesting issue to discuss.

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[Davalos] In Cuba and in the rest of Latin America, we have copied U.S. political structures. I do not want to say ...

[Rodriguez, interrupting] You're referring to the Cuba of other times, not now!

[Davalos] Yes, from other times. I am not going to speculate, but the determining factor of a presidential regime ... [changes thought] It's a pantomime. Here in Cuba, we are going to hold municipal elections shortly. What would the situation be like if this was the Cuba before the Revolution, just five days before the elections? What would the streets be like?

[Rodriguez] Hot!

[Davalos] The streets would be very hot. The streets would be littered with publicity and there would be music. That's what this meant to the people.

[Rodriguez, interrupting] People buying votes.

[Davalos] Buying votes and similar hogwash. That was the model we copied, or better yet, what was given to us by the United States during the beginning of the century. Their system allows and gives way to stealing and corruption. We lived through that; we tested it here in Cuba. We saw up close what it was all about. Now we have a democratic system here; it's ours. Is it perfect? I do not think so. I think it needs to evolve and improve. There are small... [changes thought] It's a lot more decent, much more decent. Who are the people to be elected? The best citizens of this country. They are not presented by the party. They are presented by the people. What famous representative democracy-type regime can do that.

[Rodriguez] Another issue we could mention is that no representative democracy-type regime has been able to withstand an economic crisis. They have been overthrown. Cuba's economic crisis is about to enter its fifth year. Even our enemies recognize that the majority of the population still supports the Revolution. They also know that even in the worst circumstances, the Revolution will always look for the best solutions. This is something that makes our democracy stronger, even with its defects.

[Davalos] Only the fact that the people completely support our leaders can explain why the Revolution has come through perfectly, amid tremendous difficulties. Cuba is going to conclude the year with a moderate 2-to-5-percent growth factor. Yes, moderate, but 2-percent growth amid all these difficulties means that the little we have, we share equally and correctly. We are all faced with these difficulties. Could one of those democracies have survived this? That democracy they want to... [changes thought] They say we can not have peace with the Americans until we have that democracy. What kind of democracy are you talking about? What do I have to do? The same thing you do? Only half of your population votes! Is that what is needed for us to be at peace? Do you want us to accept a guy who backs the traditional idea of annexation and the end of Cuba's sovereignty, independence, and identity? We cannot do that. Once again, let's not forget we are a besieged country. We are under the sword of Damocles. We and our sons have had to live with a backpack ready and waiting by the door in case we have had to run toward our foxholes. We have had to live like that for many years. Now, can we take up our lyres and sing songs to the stars? Let's be realistic!

[Rodriguez] Many thanks, Davalos, for pointing out this reality to those over there, those anti-Cubans who support Helms, and the others who want to impose a representative democracy on us. Of course, that representative democracy will never enter Cuba and we Cubans will never allow it to happen.

Spanish Official Expresses Interest in Cuban Market

PA2007223895 Havana PRENSA LATINA in Spanish 1639 GMT 18 Jul 95

[FBIS Translated Text] Havana, 18 Jul (PL) — Spain is one of Cuba's leading commercial partners, and this has been facilitated by the signing of several agreements in that area, Luis Cacho, economic attache of the Spanish Embassy in Cuba, stated today.

In an interview with the National News Agency (AIN), the official stressed the great interest displayed by Spanish investors in the Cuban market, and this has led them to rank among the first countries regarding the number of projects being undertaken.

Cacho stressed the significance of an agreement dealing with economic and industrial cooperation, which seeks — he said — to promote economic relations between the two countries among the current agreements signed by 150 Spanish companies.

He also referred to the agreement dealing with the reciprocal protection of investments, signed in 1994. In addition to facilitating a policy of mutual support to promote business, this agreement introduces mechanisms and guarantees to generate an atmosphere of greater trust among potential investors" [quotation mark as received].

He pointed out that the agreement on compensation, which provided a solution for disputes that emerged due

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to the nationalization of Spanish properties in the island, is very important.

Cacho remarked that Spanish companies operate in virtually all sectors of the Cuban economy, but particularly in those areas that offer better business possibilities such as "tourism; supplies for the sugar harvest; machinery and spare parts; food products and products to sell in dollars."

In spite of the circumstances being faced by the country, bilateral trade is significant, the head of the Spanish economic and commercial office emphasized, with an exchange amounting to $367 million in 1994.

At present, he pointed out, Spain is one of Cuba's main suppliers and also one of its leading customers.

It is absolutely normal for any firm to experience financial setbacks or to be forced to abandon an investment. In every process of economic growth, some companies are created while others vanish, and logically, the investment process in Cuba is not an exception to this phenomenon," Cacho concluded [quotation mark as received].

Spanish Autonomous Community President Arrives in Havana

PA1907155995 Havana PRENSA LATINA in Spanish 2306 GMT 17 Jul 95

[By Alejandro Gomez]

[FBIS Translated Text] Havana, 17 Jul (PL) — Jose Bono Martinez, president of the Spanish autonomous community of Castilla-La Mancha, today arrived in this capital for a five-day visit at the invitation of Cuban authorities.

At Jose Marti International Airport, Bono Martinez told the media he is very interested in knowing Cuba and in being able to demonstrate his solidarity with the Cuban people.

He referred to the anti-Cuban bill being promoted by U.S. Congressmen Jesse Helms and Dan Burton, saying: "Proposals based on reactions rather than on considerations are objectionable, regardless of who may present them."

The Cuban people do not deserve reactions but, rather, well-being and liberty, he said. He added: Without doubt, the position of the U.S. congressmen does not deserve applause from any democratic person in the world.

He explained he did not come to Cuba officially representing his government, but he added that as a national leader of the Spanish Socialist Workers Party [PSOE] he would like to see his visit serve to further improve the close relations that exist between Madrid and Havana.

He said now that Spain is occupying the presidency of the EU, it is a good time for the organization's parliament to approve a cooperation agreement with Cuba.

Cuban Vice President Jose Ramon Fernandez and Havana Mayor Conrado Martinez Corona welcomed Bono Martinez and his retinue.

Bono Martinez, a 44-year-old attorney, is the only PSOE representative currently in office for a fourth term, following a recent absolute-majority elections victory.

Bono Martinez is traveling in the company of Senator Fernando Lopez Carrasco of the PSOE and Emiliano Garcia, government adviser and spokesman for the Castillian Region — one of 17 autonomous communities of Spain, and the one that covers the former Castilla La Nueva territory.

During his stay in Cuba, until 21 July, the visiting president will meet with, among others, Vice President Carlos Lage, parliament President Ricardo Alarcon, and Foreign Minister Roberto Robaina, and he will visit places of scientific and historic interest.

Castilla-La Mancha, with its 79,000 square km and 1.7 million residents, is one of Spain's least populated regions.

Installation of Municipal Assemblies Scheduled for 30 Jul

PA2007011695 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Jul 95

[From the "National Radio News" newscast]

[FBIS Translated Text] The Municipal Assemblies of the People's Government will be installed on 30 July in keeping with a Council of State provision. The delegates, who will make up those local government bodies, were elected in partial elections that started 9 July and whose first round registered a 97.1 percent turnout out of more than 7.6 million elegible voters.

Villa Clara Assembly Elects New President

FL1907121195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Today, in Villa Clara, during a session of the People's Government Provincial Assembly, delegates elected a new president.

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In Villa Clara, the delegates to the assembly decided to dismiss [liberar] Miguel Cruz Perez from his office as president. Cruz had held the office for two years.

During the session, Miguel Diaz Canel, first secretary of the Communist Party of Cuba in the province, highlighted the job done by Cruz during his term. Diaz added that the change comes at the right time because Cruz's experience can prove useful in other activities.

The delegates elected Humberto Rodriguez Gonzalez as new president. Rodriguez, who is 35 years old and a lawyer, was the president of the People's Government in Santa Clara Municipality. During the past few years in office, Rodriguez obtained important results in his work, among which are the advance made in the food production, restaurant, recreation and health programs. Rodriguez, a National Assembly of the People's Government [ANPP] deputy and member of the ANPP's Constitutional and Legal Commission, has also been a district delegate for ten years.

In his first words to the delegates, Rodriguez thanked them for the confidence they had shown by electing him to the presidency. Rodriguez added that he would carry out the task with firmness and energy.

Sugar Minister Addresses Heads of Industry Meeting

FL2007140495 Havana Radio Rebelde Network in Spanish 1155 GMT 20 Jul 95

[From the "Doing Radio" program]

[FBIS Translated Text] Ciego de Avila is hosting the eighth national meeting of heads of sugar production. The meeting is being held in that province for the first time in recognition of its success in the past sugar harvest in which it produced one of the largest volumes of sugar in the country. The more than 300 participants in the meeting from all provinces have centered their attention on the need to fulfill the technological discipline of the sugar mills as one of the vital means of improving the efficiency of the mills.

On this same subject, Sugar Industry Minister Nelson Torres stated that it is necessary to look out for the preparation of the workers, the permanence of the most capable in each post, and the preparation of backups by the most experienced workers.

Haiti

Dejoie on Schrager Language: 'Impertinence'

95CA9182 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Jul 95

[FBIS Translated Excerpt] The United States hopes all the political parties will participate in the supplementary elections and in the legislative runoffs in Haiti, said Stanley Schrager, the spokesman of the U.S. Embassy in Port-au-Prince, yesterday. [passage omitted] We support the dialogue between the political parties, the Provisional Electoral Council, and President Aristide, said Mr. Schrager during a news conference yesterday. [passage omitted]

Schrager invited the political parties to surpass themselves. Nevertheless, Schrager is not opposed to a change within the CEP. If changes in the CEP are necessary, it's all right with us, but it isn't our business, added Schrager — assessing that the results had to be accepted and that a majority of the Haitian people voted for Lavalas. The diplomat expressed the wish to see a minority [as heard] participate in political life, like in South Africa. [passage omitted]

[Begin Schrager recording] [Passage omitted] It isn't our business. We are not concerned. We are not involved in those discussions except to maintain our position that the results of the 25 June elections must not be [qu'il ne faut pas] annulled in their entirety. The places, the regions must [il faut] be identified, as the CEP has done. Partial elections must [il faut] be held, to continue the democratic process. [end recording]

The leader of the PAIN [National Agricultural and Industrial Party] Louis Dejoie II calls an impertinence the statements by Schrager, spokesman for the U.S. Embassy in Port-au-Prince, regarding the position of the Haitian political parties on the recent elections. Dejoie says he thinks the embassy spokesman is trying to influence the Haitian political leaders. Dejoie denounces the spokesman, who wants to, at all costs, endorse the 25 June elections, despite the fact that the Haitian political parties are contesting them. Dejoie compares this behavior on the part of the spokesman of the U.S. Embassy in Port-au-Prince to support given by the United States to the Duvalier dictatorships.

[Begin Dejoie recording, in Creole] We just heard Mr. Schrager, spokesman of the U.S. Embassy, who shocked us! It is not acceptable for Mr. Schrager to be able to and get involved in Haitian electoral matters. [Words indistinct] humiliate almost the entirety of the Haitian political class, as well as the Haitian people, when he continues to affirm that the 25 June elections were credible elections and that the results are acceptable to the United States and that they must [dwe] be accepted by the political parties just fixing the irregularities committed.

According to what he said, what interests the American government, Mr. Clinton's administration, is for the Haitians to go vote, and respect the electoral process

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— and [he said] he invites, now, the political parties to reach a compromise with the CEP.

We ourselves consider that an impertinence. We of the PAIN are indignant over the remarks of that gentleman, who, ever since the arrival of American troops on territory that belongs to us, has been behaving like a proconsul — and they think [y'ap panse] thinks they can influence Haitian policies. He takes [l'ap pran] partisan positions every time he goes on the radio, and speaks for the U.S. Embassy. [end recording]

RDNP, PDCH Will Not Run in Elections

95CA9181 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Jul 95

[FBIS Translated Text] Thirteen political parties have withdrawn from the electoral race. The leaders of the RDNP [Assembly of Progressive National Democrats] and the PDCH [Haitian Christian Democratic Party] confirm that they will have no candidates running in the runoffs for the Haitian legislature. As a consequence of this decision, two Lavalas candidates find themselves sole candidate. In the second district of Hinche, Maissade, Lavalas candidate (Edzer Desarmes) no longer has an opponent. This is also the case in La Chapelle, where Lavalas candidate (Guignard, Jean Simon) is sure of being elected deputy.

Over [figure indistinct] candidates have withdrawn from the electoral race. Certain political parties have announced that they will be participating in the second round of elections. Such is the case, for example, of Rony Mondestin's JMRN and (Robert Aupont's) UPDC. With the withdrawal of five of the main contenders, the leader of the UPDC finds himself thrown into the runoffs for senator for the Department of the West.

FNCD Reiterates Elections Boycott Position

95CA9183 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Jul 95

[FBIS Translated Text] The FNCD [National Front for Change and Democracy] does not intend to relax its grip. This political front's leaders yesterday reiterated their decision to boycott the electoral process. During a news conference, the FNCD again said that the current Provisional Electoral Council [CEP] must step down— a council that according to the FNCD leaders (?is not impartial).

The leaders of this political organization, who have always supported the man elected on 16 December, suggest to President Aristide that he manage the government well.

[Begin recording] [Unidentified FNCD speaker] We are baptizing the Operation Uproot-Your-Cassava-Plants [-and-Move-On-Off-the-Land] [a reference to a revolt against the National Government Council in the summer of 1986 that was characterized by civil unrest] of the CEP headed by Anselme Remy, the banner for a mobilization against the champwel elections, the "bizango" appointments. ["Champwel" and "bizango" are terms that refer to secret Voodoo societies, which are greatly feared and disliked by the general population].

We are calling for the departure of Anselme Remy's disgraceful CEP.

We are remaining faithful to our FNCD position of principle that calls for the departure of the disgraceful Anselme Remy CEP, so that free and democratic elections can be held, just as was done on 16 December 1990. We did everything we could to prevent the camp of the great majority from dividing, but unfortunately, the (?greedy) group that is in President Aristide's entourage divided it anyway.

We support... [pauses] we support, and give all our solidarity to, the 16 December government—but we are calling on President Aristide to come to his senses. The 16 December government is entrapped [pyeje].

We are making a solemn appeal to President Aristide to shoulder his responsibilities today. It is his duty as a moral authority.

Today, we ask that the entire champwel CEP of Anselme Remy be dismissed. Today, they want to drive the country into an even bigger mess. We ask for a frank and sincere dialogue. We ask President Aristide to make the light of democracy progress, within respect for the Constitution and for democratic principles.

[Unidentified reporter] (?In other words) the FNCD is not going to participate in either the partial elections or the runoffs?

[FMCD speaker] The FNCD is clear. When you hear Evans Paul or Turneb Delpe speak, they are giving the message the coordinating body sends them to give. The FNCD societal program [pwoje] is clear. We are not going to participate in any champwel election, any bizango appointments. [end recording]

More Political Groups Take Positions on Election

95CA9185 Port-au-Prince Radio Metropole in French 1600 GMT 20 Jul 95

[Monitored in progress]

[FBIS Translated Text] ...Furthermore, the FULNH [expansion unknown] condemned, and we quote, any

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and all attempts aimed at imposing a new dictatorship on the Haitian nation.

The National Republican Party, PNR [Parti National Republicain], too, opposes any use of its name, acronym, and/or emblem in the partial elections and the runoffs of the 25 June elections.

The UPDC [Union Patriotique des Democrates Chretiens, Patriotic Union of Christian Democrats], for its part, contests the figures published by the [Provisional] Electoral Council [CEP] as regards the UPDC candidates. The UPDC has also asked the CEP for an explanation for the ballots found in the counting room at the lycee in Miragoane. This party also demands an in-depth reshuffling of the BED's [Departmental Electoral Offices], BEC's [Communal Electoral Offices], and polling stations; and that an Election Monitoring and Supervision Unit [Unite de Surveillance et de Controle des Elections] be formed — before even thinking about resuming the electoral process.

On the other hand, the people's organizations close to the Lavalas coalition—grouped into Fipop, Unified Front of Popular Organizations—have come out and taken a stand in favor of the elections. These organizations claim to number 61, and make up Fipop. They criticize the coalition of parties that demand the elections be declared null and void.

Why didn't those same parties denounçe the elections held when Marc Bazin was prime minister? Why didn't those parties form a coalition to stop Michel Francois, Raoul Cedras, and the armed men who were members of the FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] and the military who sowed repression following the coup d'etat, asks Fipop. Those are the questions asked by that coalition of people's organizations, which is close to the Lavalas coalition. And, the conclusion of their text: One cannot ask for the annulment of an election in which a majority of the Haitian people voted, and chose its candidates.

Panpra, Brutus Hold News Conference 19 Jul

95CA9186 Port-au-Prince Radio Metropole in French 1600 GMT 20 Jul 95

[FBIS Translated Excerpt] The Panpra [Nationalistic and Progressive Revolutionary Party of Haiti] has confirmed its withdrawal from the electoral process. Serge Gilles' party will participate neither in the supplementary elections nor in the runoffs. Gilles reiterated all of this yesterday at a news conference during which former Deputy Duly Brutus explained the matter of the fire at the Limbe BEC [Communal Electoral Office]. Brutus affirms that the judiciary is not independent of the Executive Branch of the government. Here is a report by Ansy Rose Resignac.

[Begin recording] [Resignac] After 48 hours of detention, it was a somewhat better-informed Duly Brutus who spoke to the media Wednesday. Without having sought it, the former president of the Chamber of Deputies found himself educated as much on the workings of the judicial system and the behavior of the new Haitian policemen as on the situation of the persons under detention at the Petion-Ville jail. Although he denounces an arrest effected brutally, Duly Brutus, in fact, said he was well-treated in prison. On the other hand, regarding the function of the judiciary, what he found was not at all flattering.

[Brutus, in a mixture of Creole and French] The arrest proved to me that the judiciary is not today independent of the political power. That is clear.

It was clear while I was at the police station [komisarya]. The commissioner had no complaint against Duly Brutus in hand. All he had in hand was the arrest warrant that the public prosecutor had given him — which is unacceptable. [passage omitted]

[Resignac] In this affair, the accused man presents himself as being, on the contrary, the victim—or at least someone they wanted to gun down. According to Brutus, there not only was a plot to have him assassinated in Port-au-Prince last 31 May but also a plot to prevent him from winning in the election, a plot he says [words indistinct] by the Lavalas people in Cap-Haitien and in Limbe. In the final analysis, the former deputy tried to insinuate that the electoral material of the Limbe BEC was set afire by the Lavalas people, who are trying to get him blamed for it, and, everything that has been said and done in this affair (?leads) the Panpra member to draw the following conclusion:

[Brutus] I would like, after the 48 hours I spent in jail, to salute someone—someone we put out to pasture in this country; someone who was dragged through the mud in this country; and that person was a person who had shown her competence, despite her having made a few mistakes—but there is no one who does not make mistakes, especially when you don't have any experience in politics; had shown, for the first time in the history of this country—her competence to get a Provisional Electoral Council formed; who never tried to force that electoral council, pressure it to [words indistinct] I want to salute a lady: I want to salute Mrs. [Ertha] Trouillot. [end recording]

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Central Bank Reports International Reserves Dropped

PA2107011795 Mexico City NOTIMEX in Spanish 0122 GMT 20 Jul 95

[FBIS Translated Text] Mexico City, 19 Jul (NOTIMEX) — The Bank of Mexico reported today that as of 14 July the country's international reserves were $13.649 billion, or $701 million less than in the previous week.

In a communique, the central bank states that the contraction was caused by the $575 million amortization of Treasury Bonds (Tesobonos).

Compounding the matter was the "setting aside of $631 million to purchase Tesobonos on Monday, 17 July," and $46 million to cover the servicing of the government's foreign debt.

Meanwhile, the bank reported earnings of $551 million, $475 million of which came from the amortizations of commercial banks for loans granted earlier and $76 million derived from operations with public sector entities.

In its statement of accounts, the bank noted that as of 14 July the monetary base, the bills and coins in circulation, totaled 48.365 billion new pesos, which represented an increase of 1.855 billion compared to its previous level.

Statistics Institute Reports May Unemployment Figures

PA2007223995 Mexico City XEW Television Network in Spanish 0430 GMT 19 Jul 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The National Institute of Statistics, Geography, and Information Science [INEGI] has revealed the results of a poll conducted in 39 urban areas on the May unemployment rate. A total of 6.6 percent of the employable population, or 1.6 million Mexicans, are unemployed. It is the highest unemployment rate registered since 1985. Mexico City, Guadalajara, Monterrey, Cuernavaca, Culiacan, Leon, Morelia and Puebla have been affected the most.

INEGI reported that approximately 90 percent of the unemployed people have labor experience. The greatest number of urban workers are employed in the service, manufacturing, and commerce sectors. The poll was conducted according to International Labor Organization guidelines.

Peasants Occupy Municipal Palace To Demand Road Openings

PA2007233195 Mexico City NOTIMEX in Spanish 2353 GMT 18 Jul 95

[FBIS Translated Text] Tuxtepec, 18 Jul (NOTIMEX) — Nearly 1,000 peasants from the Tuxtepec, Choapan, and Acatlan Districts in the southern Mexican state of Oaxaca today occupied the local municipal palace and closed access to eight offices.

Peasant leader Zenon Bravo Arellano stated that the takeover is intended to demand the opening of rural roads to link the communities of Arroyo Blanco-San Miguel Lachizola and Santiago Jocotepec-San Jose Rio Manso.

This demand was originally made over 10 years ago, so the takeover of the government offices will continue indefinitely.

Bravo Arellano added that the peasant movement is also demanding an audit of the Tuxtepec town council and the hiring of competent municipal officials who will be able to meet the people's needs.

Some of the closed local offices are branches of the Federal Electricity Commission (CFE), the Agrarian Reform, and the Agrarian Court.

New Social Welfare Program Criticized

95CA0279A Mexico City LA JORNADA in Spanish 19 Jun 95

[Commentary by Julio Moguel, researcher at the Center for Studies for Change in the Mexican Countryside: "The Alliance and Pronasol, Distant Cousins"; received via Internet]

[FBIS Translated Text] Symbols of the National Alliance for Well-Being will soon erase from all the nation's walls the National Solidarity Program [Pronasol] emblem. Its 250,000 committees will also fade away easily and without fanfare. As was said over and over, these committees came into the world to "create a new relationship between the state and society." On 14 June, with a single press announcement by the man in charge of it, the death of Solidarity was announced along with the auspicious birth of the Alliance. Tomorrow President Zedillo will do his part in the pantheon of memories. Though you may not believe it.

Some people say this is merely a name change. If that were so, it would not be irrelevant, as in politics form is content and words create basic social identities and commitments, especially in programs like Solidarity which, as we know, was the trademark or watchword of

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"social liberalism" and so it attempted to symbolize the start of a new era. But this is not a simple name change that is being announced: according to the statement by Carlos Rojas, the head of Sedeso [Social Development Secretariat], in a few months the full "responsibility for administering the spending programs for Solidarity and Regional Development" will be transferred to the state governments (LA JORNADA, 15 June).

So there will be a major metamorphosis. But nothing to celebrate, despite the steps that could have been taken by creating a social development law and a citizens' council for program oversight and control. If the radical change in course to which we are referring were supported by a new federal pact, there might be little to fear and criticize. But it seems obvious that the deconcentration of the resources mentioned is not rooted in a proposal for democratic transformation of the federation-states-municipalities relationship (the obvious nature of this is clear in Tabasco and Chiapas, though not only there), but instead in a very neoliberal plan in which the central government sheds some basic functions and responsibilities in order to eliminate "burdens" during the crisis and to reward or recompense predetermined local and regional powers. That also seems to be the meaning which the present regime wants to give the reform of Article 115 of the Constitution: deconcentrating instead of decentralizing (the latter entails real transfers of management and decision-making powers to society), as has already been tried in processes involving transfers of responsibilities for areas like education.

They say there will be regulations to make the transfer gradual. But "gradualness" can not be assumed when, as has happened this year, 50 percent of the Title 26 money has already been allocated to municipal accounts, and when it is announced that all of it will be transferred to states and municipalities within 24 months. The deconcentration process might also presuppose not only the transfer of resources but also the transfer of the "capabilities" and instruments needed for state and municipal governments to deal effectively with the problem of poverty. But such capabilities and instruments can not be deconcentrated, for the simple reason that, at the time of its death, Pronasol did not have them. In five years it was unable to establish finely tuned strategies, nor was it able to successfully create suitable instruments to monitor and evaluate its specific programs.

Other differences should be mentioned. Under an apparent format of greater expansiveness, in the *Alliance* the objectives of combatting poverty are restricted to 14 million of the poor, leaving adrift no fewer than 30 million of our fellow citizens; the PND [National Development Plan] is not even mentioned, which until a short time ago was identified in government statistics as the demographic universe of the poor. The new social policy model also adopts a Malthusian view, with programs to cut population growth. Such programs have more than amply demonstrated that they are deeply exclusive and racist. There is also a return to old ideas concerning the need to "integrate" indigenous peoples into development, as if the deficiencies, economic weaknesses, and substandard living conditions of these populations were problems stemming from their "remoteness" and relative separation from the rest of the Mexican people, and not precisely a direct and clear product of the way in which these groups of humanity have been "incorporated."

A sonorous and ambiguous appeal to undertake a great national crusade against extreme poverty completes the picture of the *Alliance for Well-Being*. This will not in any way resemble, though, the Rooseveltian epic of which Carlos Fuentes was speaking a few days ago; instead, it will be more like the new World Bank "participatory exclusion" strategies which Luis Miguel Bascones has described. And in that it will undoubtedly be identified with Pronasol.

The *Alliance* will retain another point in common with its predecessor program, a point essential for both because of their origin: executing policies to combat poverty in order to offset—more slightly than in the past, unfortunately—the harsh effects of the neoliberal strategies which, under the present administration, are deeply recessive, producing disastrous impacts on wages and jobs. And this will be done while continuing and expanding the policy of privatizating basic social areas, like the social security system. Until the time when...

Correction to Aspe Reviews Exchange Policy

PA2007195795

The following correction pertains to the item headlined "Former Secretary Aspe Reviews Exchange Policy," published in the 18 July Latin America DAILY REPORT, page 21:

Column one, second paragraph, first sentence make read: ...foreign exchange rate started to improve, receding from the upper limit...(rewording for clarity)

Column one, third paragraph, second sentence make read: ...the exchange rate improved slightly, moving away from the upper limit...(rewording for clarity)

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El Salvador

Minister Confirms Dollarization of Economy Ruled Out

PA1807155995 San Salvador EL DIARIO DE HOY in Spanish 17 Jul 95 p 23

[Report by Ismael Beltran-Solano]

[FBIS Translated Text] The Salvadoran Government has discarded plans to dollarize the economy, Economy Minister Eduardo Zablah has confirmed.

Zablah thereby confirmed statements by President Armando Calderon Sol, who, before leaving for the United States, hinted that the plan to dollarize the economy had been ruled out and that only "certain economists still insist on bringing up this issue."

"We do not wish to impose anything. Let it be voluntary.... The dollar will continue to circulate freely, as it has done so far," Zablah said at a meeting with young people from the Sherpas Club on the morning of 15 July.

The official, however, noted that a dollarization would be beneficial to the country because it would attract foreign investments by eliminating distrust or fear of possible devaluations. As can be recalled, dollarization was part of the original economic program that the government revealed late last year, but several sectors opposed the idea.

During the conference entitled "The Government Plan and Globalization," Zablah noted that the economic plan is made up of five variables: Monetary, fiscal, state modernization, local investment, and commercial policy with regard to everything related to tariff reduction.

As for the fiscal aspect, Zablah justified a recent VAT [value-added tax] increase, because the state needs additional funds for various programs to improve infrastructure.

In addition, the VAT increase will bolster municipal treasuries that will in turn pay for community works projects.

Another component of the government plan is state modernization. In this regard, he pointed to the huge government bureaucracy that inhibits development.

He said, for example, that in order to establish a new company in the country one must undergo a 50-plus-step procedure that lasts six months. This is compounded by a need for a good highway system, good maintenance, telephone and water service throughout the nation, and so on.

Zablah also commented on the great challenges facing the nation, and he mentioned the lack of equitable and sustained development, because, although there has been progress, much remains to be done to reduce unemployment and illiteracy and improve state services.

Another challenge is to ensure respect for renewable resources because if the current situation prevails, the country could soon turn into a desert. Furthermore, all rivers in the country have been contaminated as a result of the same disrespectful and disorderly attitude.

He underscored the need for credibility in the country. In this regard he mentioned efforts that the central government has made to build credibility because this is very important to attract foreign investment. Such efforts, however, will achieve nothing if everything collapses because of "surprise assembly actions" [asambleazo] — that is, unexpected and unilateral decrees hatched in the legislature.

Another great challenge is to instill respect for the state of law, because in El Salvador those who shout the loudest achieve the most. He recalled the case of Adefaes [Association of Demobilized Armed Forces Members], which established a terrible precedence, because they only had to occupy the Legislative Assembly and stage other disturbances to obtain what they wanted.

Despite all this, however, he assured that the country has all of the conditions that investors want, and he added that the country is located in a very strategic part of the continent and is close to one of the largest world markets — namely, the United States.

Guatemala

President Remarks on NAFTA, Agrarian Issues

PA2107021695 Guatemala City Teleonce Television in Spanish 0345 GMT 17 Jul 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Regarding the diversity of criteria on the agrarian problem, President Ramiro De Leon Carpio has said that the true key to a solution is not the distribution of land but a substantial generation of jobs in Guatemala's agrarian sector.

[Begin De Leon recording] First of all, I have always said that a substantial generation of jobs is a basic and essential task to solve the agrarian problem. Regarding this, I believe the agrarian problem in Guatemala must be solved precisely given the need to generate a substantial amount of jobs — stable jobs.

Moreover, I disagree with the thesis supported by some groups, which believe the solution to these problems is to indiscriminately distribute the land. This type of

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confiscatory agrarian reform does not have, and has not had, the expected positive results at world level.

Furthermore, it is not viable in Guatemala because there is not enough land in the country to distribute it indiscriminately. We would run out of land after a while and we would not be able to continue with the plan. I presented a proposal at a meeting of the so-called consultative group, an informal meeting recently held by the consultative group in Paris, and emphasized the need to generate a substantial number of jobs as a solution to the agrarian problem.

Referring to the idle land issue, this must be carefully analyzed to determine what is idle land. I believe a study must be made of idle land per se, meaning what is already considered idle land and is simply meant for speculation, so the land may produce. It should not lie there without producing, being only used for speculation, unless it involves a forestry reserve or something like that — it must truly be idle land. This land must produce or else a mechanism must be found to lease it or sell it so another person may use it to produce something. Otherwise, the owner must obviously pay a tax so he may have the right to keep this idle land. That is our position in this matter. [end recording]

De Leon Carpio also emphasized his disagreement with the amply publicized concept that Guatemala is basically an agricultural country.

[Begin De Leon recording] It is wrongfully believed that Guatemala is an agricultural country. No, it is primarily a forestry country. Regarding this, I believe there is a possibility of turning the Guatemalan nation into a semi-industrialized nation. To achieve this it is imperative we support small and medium level farmers or producers of articles, particularly nontraditional articles — fruits, flowers, vegetables, etcetera. In other words, new markets must be sought. This is being done. The exports of nontraditional products have increased tremendously. I believe we have a brilliant opportunity because ours is the only country in the world that is the neighbor of the most powerful economic bloc in the world.

Those countries — particularly Mexico — represent a natural market. That is why we are trying to reach bilateral agreements with Mexico and join the NAFTA. To achieve this we need credit, technical aid, and help to market these products, particularly in the highlands and the Indian communities, precisely where people are preparing to grow snow peas, raspberries, all types of vegetables, fruits, flowers, etc.

I believe that the proper technical aid, credit, and marketing advise will allow all these people to work jointly, in cooperatives, sell their products, and improve their living conditions. They may derive a considerable income and improve their lifestyle in general.

Therefore, I believe this will lead us to a chain of small level farmers' agricultural industries and we will truly manage to sell our products given the climate and land conditions, etc.

Naturally, in order to do all this, we must first achieve political stability, peace, and the absence of an internal military confrontation. I believe this is possible, and we have clearly established this in our economic policy, through the 1994-1995 government agenda. [end recording]

Vice President: Dispute With Belize Unresolved

PA2107044295 Guatemala City LA REPUBLICA in Spanish 17 Jul 95 p 4

[FBIS Translated Text] Vice President Arturo Herbruger Asturias said yesterday that Belize cannot establish relations with Cuba or other nations until the territorial dispute with Guatemala is resolved. He added that former President Jorge Serrano Elias' recognition did not settle the problem.

"Belizean officials should take into account that the matter has not been closed by Guatemala or at the international level. Therefore, it is improper to begin relations with other countries because all possibilities of settling the differences through dialogue have not been considered," Herbruger Asturias noted.

Serrano Elias made a provisional acknowledgement of Belize as a free state, but the Guatemalans themselves have not yet decided. By means of a popular consultation, they may agree or disagree with the 1993 resolution, Herbruger Asturias said.

On several occasions, Herbruger Asturias has noted that certain steps were taken that disregarded the Guatemalan Constitution, which states that the population must be consulted on the matter and that Belizean authorities are acting against international principles.

Herbruger Asturias believes new Foreign Minister Alejandro Maldonado Aguirre will be able to settle the issue. This, however, does not mean that former Minister Marithza Ruiz de Vielman did not fulfill her duties; on the contrary, she defined the policies for the negotiations.

One should not forget that the National Council on Belize has not found a solution and that Ruiz de Vielman succeeded in achieving a consensus among its members. For that reason alone, those principles should apply. At the same time, he said, "I respect Maldonado Aguirre's decisions." He added: "We must wait for

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Maldonado Aguirre's views on the matter, which I am sure will be outstanding, as he has demonstrated his great potential at the Guatemalan Embassy in Mexico," Herbruger Asturias said.

Attorney General Reinstates Officer Linked to Devine Murder

PA2007225695 Guatemala City Televisiete Television in Spanish 1900 GMT 20 Jul 95

[From the "Channel 7 News"]

[FBIS Translated Text] The Office of the Attorney General (PGN) ordered the reinstatement of the colonel implicated in the murder of U.S. citizen Michael Devine.

According to a resolution issued by the Office of the Attorney General, Col. Mario Roberto Garcia Catalan must be reinstated to his position in the Army. The resolution points out that there are no legal grounds why the Army colonel should be prevented from being reinstated to his official duties.

The decision was part of a legal brief signed by Attorney General Acisclos Valladares Molina that was sent to Defense Minister Mario Rene Enriquez Morales.

The attorney general's ruling points out that Col. Garcia Catalan's current status is backed by a ruling that has already been confirmed by a previous legal decision.

The PGN's ruling points out that when the court issued a guilty ruling against (Francisco Cervan Santai) it left no charges pending against Col. Garcia Catalan which is indicative that the military officer was no longer linked to the case.

In this respect, the PGN's verdict adds that the decision adopted by the Army and Col. Garcia Catalan himself to protect the states' prestige is significant, but that there can no better safeguard than the strict compliance of the law, thus he should be reinstated to his military duties.

The background of the case establishes that Col. Garcia Catalan was questioned as part of the case that developed following the murder of U.S. citizen Michael Devine.

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Argentina

Menem on Unemployment; Economic Indicators, Plan

PY2007192895 Buenos Aires TELAM in Spanish 0139 GMT 20 Jul 95

[FBIS Translated Excerpt] Buenos Aires, 19 Jul (TELAM) — President Carlos Menem announced today that the government will enhance the social rescue network to escalate the struggle against unemployment. He expressed renewed confidence in the economic indicators which estimate the situation will improve quickly.

He said: "We are drawing up a package of measures that will be released within 10 days. We delayed the package because we were awaiting accurate unemployment figures from the INDEC [National Institute of Statistics and Census]."

Menem emphasized that the government would strive "to enhance the current rescue network and, if possible, the unemployment subsidies policy." He noted: "We can enhance it."

Nevertheless, he pointed out: "This unemployment subsidy network will not last forever. It represents a temporary measure to speed up the issue. It is a kind of relief."

In remarks at Government House press room, the president said he received "with tranquillity, but with some concern," the result of a Permanent Home Poll [Encuesta Permanente de Hogares], which shows an unemployment rate of 18.6 per cent.

Menem said the poll "was conducted in May" when "laws which — in our opinion — are fundamental to overcome this situation, had yet to be approved."

He mentioned the laws on bankruptcy and labor accidents, saying: "A series of measures to fight unemployment, like the housing plan, are already being implemented. In addition, the loan chain is again being restored."

Menem added that in the next home poll, which is scheduled for October, "things will improve significantly."

He denied that the unemployment rate released today caught the government by surprise. He said: "We know very well the changes implemented will be followed by continued enhancements; this situation was expected."

Menem emphasized: "There is a kind of structural unemployment that has been growing recently. This unemployment has been caused by recent adjustments. Undoubtedly, we will overcome it."

The president's emphasis is based on the fact that "production has already regained lost ground and a series of financial indicators are indicating that the situation tends to improve."

He added that the reduced inflation rate, "which this month will be zero or insignificant, helps because price stability undoubtedly favors Argentine families."

In response to a question, Menem emphasized that the possibility of calling all political parties to form a kind of multiparty group [multipartidaria], "has not been contemplated." Nevertheless, he admitted that this idea, which seeks to review measures to fight unemployment, "has always existed."

The president noted: "All the countries that have reformed their state, their economy, and their tax system have gone through this experience." He mentioned Chile as an example which, "under a strong government, reached 28 percent unemployment, while Israel reached a similar percentage."

Menem noted that Argentina would require "much less" time to resolve the unemployment issue than Chile, "which took more than 10 years."

Concerning the role of the new CGT [General Confederation of Labor] leadership in supplying solutions, Menem emphasized: "We are holding open and uninterrupted talks. When there are calm talks, both sides listen."

President Carlos Menem noted tonight that the Argentine economic plan remains "viable and solid" and will remain in effect because any change of course "would be disastrous."

Menem said the best evidence of the economic plan's strength has been supplied by economic operators and by "extensive sectors" that support it domestically and internationally.

He emphasized that the capital that left following the regional repercussions of the 'tequila effect,' "are returning to Argentina."

During a chat with journalists accredited to Government House, Menem said: "Of the 7 billion [no currency given] that fled, more than 4 billion have now returned." [passage omitted]

Foreign Minister: No Change in Foreign Policy

PY2007135595 Buenos Aires TELAM in Spanish 2159 GMT 19 Jul 95

[FBIS Translated Text] Buenos Aires, 19 Jul (TELAM) — Foreign Minister Guido Di Tella stressed this afternoon that the foreign policy used during the process of

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state transformation and the opening of the economy will not change during President Carlos Menem's second mandate.

The minister said: "The foreign policy that accompanied the profound changes implemented by President Menem will maintain its orientation and be at service of the state transformation and the opening of the economy."

Di Tella spoke at a ceremony at the Foreign Ministry during which he received the oaths of the secretaries and under secretaries that make up his team, thus confirming them in their posts.

The minister lauded the qualifications of the professionals of the Foreign Ministry. He thanked them for their guidance and cooperation from which "I have learned a lot, although I hope I have also imparted some knowledge."

The confirmed secretaries are: Fernando Petrella, Foreign Relations and Latin American Affairs; Angel Centeno, Worship; Andres Cisneros, General and Coordination; and Jorge Campbell, International Economic Relations.

The under secretaries who will remain are: Carlos Eduardo Zaballa, International Cooperation; Osvaldo Daniel Castruccio, Institutional Relations; Juan Jose Uranga, Latin American Policy; Guillermo Gonzalez, Foreign Policy; and Ricardo Aduriz, Worship.

The following under secretaries were also confirmed: Alfredo Chiaradia, International Economic Negotiations; Jorge Herrera Vegas, American Economic Integration; Marcelo Avogadro, International Trade Relations; Carlos Carrasco, Technical; and Mario Miguel, Administration and Budget.

Economy Minister Seeks To Explain High Unemployment

PY2007171695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2023 GMT 19 Jul 95

[FBIS Translated Text] Buenos Aires, 19 Jul (NA) — Minister Domingo Cavallo today sought for some kind of an explanation for the increase in unemployment, indicating that the May survey had been carried out "at a time when the problem was even more serious," as some labor laws had not yet been approved. In addition he noted that "the disappearance of credit and the consequences of the Mexican crisis" had made a very strong impact during that month.

The minister is confident that the next survey, to be carried out in October, will show an improvement, and indicated that a provisional halfway survey will be carried out in July or August for the first time, in order to closely follow the employment situation in Argentina.

Cavallo also described as an aggravating circumstance the fact that "all the legislative reforms for decreasing unemployment and increasing the number of jobs were not in force when the survey was carried out."

"The regulations for implementing the law on the PYMES [Small and Medium-Sized Enterprises] were issued at the end of May. The new contractual structure, which helps to employ young people, disabled people, and persons over 40 who have lost their jobs, was also approved in May with its implementing regulations issued in June," he added.

The minister said that "these laws could not yet have had any impact at the time the survey was carried out." He believes that "they may have an impact on the October survey, and will certainly have an impact by the time of the May 1996 survey."

The economy minister made these remarks after having participated in a meeting at Government House, at which President Carlos Menem and World Bank President James Wolfensohn were the main participants.

Cavallo urged young people who cannot find their first jobs to join the Youth Program, and asked the unemployed to "have patience" in seeking a job.

He stated that young people without experience can resort to this training program, which is run by the Labor Ministry, for a three-month training course, and afterwards there will be a three-month evaluation period.

He pointed out that in the pilot program carried out last year, in which some 2,000 young persons participated, over 70 percent found employment. Only 30 percent of those who have not participated in such a course normally find employment.

Cavallo denied that there are irregularities in paying pensioners, and stressed that the period for paying pensions is "between the first and 22d days of every month."

He emphasized that the government gives priority to pensioners with the lowest pensions, while those who have higher pensions get paid last. This system will continue for the next few months "until Anses [National Social Security Administration] can increase its working capital."

He then urged "all taxpayers, especially those who have to pay the assets tax — people with a higher level of wealth — to pay their taxes, because all of these taxes go toward financing pensions."

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The minister stated that paying the pensions is now the priority, because "to do what was done in Cordoba Province, where increases were granted and now the pensioners have not been paid for three months, would be an act of irresponsibility."

Regarding the request from the CGT [General Labor Confederation] that the firing of employees be suspended for one year, he said "the opposite effect would be obtained" with such a measure, because "more people would be fired. Above all, the real solution for unemployment, which is to create new job openings, would not be realized."

Concerning the proposal of the UIA [Argentine Industrial Union] that public services payments be suspended, Cavallo indicated that the government "cannot meddle" because "this is a matter between private parties." "The ownership of those enterprises by the state, when the government could make the appropriate decision, is something of the past," he said.

Cavallo denied that capital was not entering the country, and stressed that "much more" investment "is being received now than before."

He indicated that "investment decisions are not based on government pressure. Such decisions are made because the circumstances are created to induce those who have money to invest, in order to transform that money into factories, establishments that provide services, or investments in the agricultural and livestock sectors."

He added that "in this respect matters are going well," but that "with the disappearance of credit, especially for small and medium-sized businesses during the first six months, matters became complicated."

"The big task now is to reestablish credit, and for this the return of deposits to the banking system is indispensable. When we achieve this the frenetic pace of investment will be restored."

Cavallo gave little credit to economist Eduardo Curia, who proposed that measures be adopted to allow the banks to grant more loans to the productive sector instead of the speculative sector. Cavallo indicated that this kind of argument "is typical of those who speak without informing themselves, and without the capability of analyzing situations."

He did, however, acknowledge that some organizations could "have some fear that the return of deposits is not definitive and irreversible, or that there could be another run, and therefore as a precaution keep their liquidity high."

With regard to whether or not a larger number of people should receive unemployment benefits, he said that "it depends on the resources at hand," and stressed that "the policy that the Labor Ministry has so intelligently implemented is to reduce this number to a minimum, in order to increase the benefits for workers who participate in a professional training program."

He justified this policy because "international experience demonstrates that when unemployment compensation is not linked to a training program, the period during which the worker is unemployed is much lengthier."

Senate Approves Bill To Correct Patents Bill

PY2007144195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0206 GMT 20 Jul 95

[FBIS Translated Text] Buenos Aires, 19 Jul (NA) — The Senate tonight approved and sent to the Chamber of Deputies a bill correcting the patents bill. The corrective bill proposes reducing from eight to five years the transition period for the national pharmaceutical laboratories to begin paying royalties.

The bill was approved with a vote in its favor by the Justicialist Party [PJ], while it was opposed by the UCR [Radical Civic Union] bloc and representatives from the PAIS [Open Politics for Social Integrity] (Bordonism) [group led by Jose Octavio Bordon, a presidential candidate in the 14 May elections] bloc, and the Autonomous and Liberal Pact [PAL] of Corrientes.

After the vote the Senate adjourned sessions until 1100 on 20 July, with the goal of discussing bills on labor accidents and higher education.

The PJ-sponsored bill responds to a petition specifically raised by Carlos Menem as a way to resolve significant disagreements that had come up between Congress and the Economy Ministry in June.

The bill does not fully meet the Economy Ministry's requirements as far as the period of enactment of the bill and the mechanisms for approving the manufacturing rights are concerned.

Entre Rios Senator Augusto Alasino consulted Foreign Ministry officials to draw up the bill. The bill proposes correcting eight articles of the original congressional bill that was approved on 30 March and was then partially vetoed by the executive branch.

The corrective bill regulates the approval of pharmaceutical patents for those cases when there is no authorization by the inventors. It removes congressional involvement in controlling the system. The pharmaceutical patents system will be controlled by the executive branch through the Economy Ministry and the Health and Social Action Ministry.

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The National Institute of Intellectual Property (INPI) will implement the patents law and will establish limited exemptions to the rights that the law gives to inventors.

The corrective bill notes that these exemptions cannot unduly jeopardize normal patents use or be unduly detrimental to the lawful interests of the owner of the rights.

The bill contemplates various cases in which the INPI may authorize the use of a patent without authorization by the patent's owner.

Entre Rios Senator Augusto Alasino championed the PJ-sponsored bill. He pointed out that the corrective bill increases the accuracy of the patents bill, which relied on the interpretation of the regulatory decree or the ruling of a judge.

Alasino emphasized that the exemptions to inventors' rights established in the corrective bill conform strictly to GATT guidelines.

Jose Genoud, the UCR bloc leader and Senate Industry Committee chairman, noted that in his opinion "there are no technical arguments supporting this corrective bill." He emphasized that Economy Minister Domingo Cavallo had admitted that the United States "cannot impose trade sanctions on Argentina because there is a GATT level to resolve the patents issue."

Genoud indicated that the GATT agreement authorizes Argentina to use up to 10 years for the transition period. As an example, Genoud described the cases of Spain, Austria, and Greece, which had approved bills with periods ranging between six and eight years for the actual payment of royalties.

PAL Senator Jose Romero Feris rejected the corrective bill. He said the bill "represents a clear affront to the independence of the legislative branch."

In this regard Romero Feris described as "deplorable" the negotiations that PJ deputies and senators conducted with Foreign Ministry and Economy Ministry officials to draw up the corrective bill.

Possible Solutions to Unemployment Viewed

PY2107022395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2034 GMT 19 Jun 95

[Special article by Luis Torres]

[FBIS Translated Text] Buenos Aires, 19 Jul (NA) — All the government's efforts are now directed toward seeking a formula that will make it possible to comply with the president's promise of nothing short of the "annihilation" of unemployment, although no one is unaware of the difficulties that compliance with this commitment entails for top officials of the governmental staff [preceding word in English].

At any rate, certain guidelines already exist, weak signals that come from some leaks that allow one to trace a general and overall framework of what is being prepared between the offices of the cabinet chief and the economy minister.

In the first place, it is Menem who is bearing the brunt of the problem, and when speaking with his ministers and aides, he does not lose the opportunity to remind them that they must comply with the promise that he made before the Legislative Assembly on 8 July.

Proceeding from that order, which is a harsh one, [Eduardo] Bauza and [Domingo] Cavallo decided on a six-day period to study, from the technical and political perspectives, ways to begin resolving the most dramatic of problems that have cropped up since inflation was brought to a halt.

From the political viewpoint it was decided to delay the dissemination of the unemployment figures. Ultimately, it was officially made known on 19 July that unemployment has climbed to nearly 19 percent, thus breaking all the predictions of those who bet that the percentage would be lower. What the strategists of the official sector were trying to do was to have the main measures ready so that they could be implemented by the executive branch to allow it to face the problem.

Now that the problem has been revealed, it is more than probable that one of the principal figures of the government will, within the next few hours, publicly reveal the battery of measures that will be adopted in an attempt to reverse the employment crisis that is worrying ministers and secretaries of state.

Eduardo Amadeo, social development secretary, is the general coordinator of the measures. Proposals, which have previously been looked at by Bauza and Cavallo, reach Amadeo's office from all the ministries.

Amadeo will implement most of them because he is already carrying out those tasks, and in addition he has been named by Menem as the future minister of employment and the family.

The following is a list of the main measures and actions that will likely be announced during the next few hours:

The construction sector will be the most important one because it is a sector that can generate jobs. In Buenos Aires Province an agreement is being concluded between the World Bank and the Bank of the Province of Buenos Aires and the Urban Fund for the financing of the project to pave dozens of thousands of blocks.

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The UOCRA [Construction Workers Union of the Argentine Republic] is participating in this agreement because it will have some 10,000 workers in the mining project called "Under the Illumination," to begin in Catamarca Province within the next few days.

Cardinal [Antonio] Quarracino will be formally asked to administrate several funds that will be created by the government to help the needy and the humble. The prelate is presumably willing to cooperate through the Charitas Organization. A high-ranking government official had a secret meeting with Quarracino on 18 July in order to commit him to that task. The government is certain that the Church has mechanisms that have been fully approved due to their efficiency in helping and assisting the poor. And, it also knows that bureaucracy is the worst enemy that aid to the poor faces. If the intention is to let a state organization carry out that task then everyone knows that neither the milk, the meat, nor the money will reach a safe haven in time.

Some taxes on labor will be eliminated; there may be a reduction of the contribution that is made by employers, and that tax will be replaced with another one. There is a proposal to increase the tax on fuels and to send a draft bill to Congress asking that the provinces not participate in that increase. This point brings up two questions: Will the provinces be willing to cede their co-participation? Will congressmen be willing to approve a bill that will refuse those funds for the provinces? There really is only one motivating factor behind these two questions: To know whether the financially emaciated provinces will support a measure of that type even though it is intended to help with the unemployment issue.

The education minister will contribute with a series of programs and training courses for workers with the intention of preparing the candidates for the various types of work and the demands of the employers.

Buenos Aires City Mayor Jorge Dominguez has received precise instructions from Menem to invest funds in contracting workers instead of contracting or purchasing mechanized or computerized systems. Menem's idea is that the metropolitan town hall should massively absorb part of the work force.

Regarding the migratory policy, there is the intention to try and prevent illegal migration through various types of requirements that will be increased periodically, such as controls on the borders, and the obligation to demonstrate that one has a work contract or that one has sufficient money.

With this framework of measures, which will be disseminated quite soon, the top authorities of the country will also try to give an answer to the expectations of the people, who are aware, with fear and despair, that unemployment is increasing as every month goes by.

Economist Roberto Alemann, a person who is respected by everyone, has just publicly made it known that there is no magical solution to unemployment, nor can it be resolved in a day.

Maybe the former economy minister's remark has been the only fairly pleasurable and understanding remark that Carlos Menem's ears have heard since the laudatory electoral remarks that were made on 14 May.

Bolivia

Hundreds of Demonstrating Cochabamba Coca Growers Arrested

PY2007134495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 20 Jul 95

[FBIS Translated Text] Here is the chronicle of an agitated city. Some 230 people have been arrested, with one wounded. Coca growers have been sent back to their places of origin. Dozens of people held in military installations could be banished to distant places. Coca growers are proposing a top-level dialogue.

In Cochabamba, a joint military and police operation yesterday disbanded an organized workers' demonstration against the government. This ended with the arrests of 230 people, one of whom was slightly injured. The repressive action began at 1300, when the police forces arrested 110 coca producers who were rallying near the headquarters of the tropical region coca producers' federation.

The coca producers were put onto buses and sent back to their places of origin. A little past 1300 the peasants tried to reorganize at three different concentration points to begin a march toward the 14 de Septiembre park, which was cordoned off by police and military forces to prevent anyone's entry.

Leaders from the Bolivian Labor Federation [COB], the press, factory workers, teachers, construction workers, and representatives from other sectors gathered at the main point of concentration — the Quillacollo bridge — but were peacefully dissolved by the police after an anti-government meeting.

At another point of concentration, the General Trade Union Confederation of Peasant Workers of Bolivia, some 90 peasants were arrested. The meeting was dissolved this time by force. At the third point of concentration, on Oquendo Avenue near the university, the police used tear gas grenades and arrested 30 people, most of them students and workers.

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A total of 90 peasants and 30 university students were detained at the Cochabamba Air Base, where the situation of each one will be analyzed to either place them at the disposal of the regular courts or banish them elsewhere.

A last-minute report adds that coca growers' leaders who have not yet been arrested have officially announced their willingness to resume talks with the government, provided that they are held at top level and with the full participation of Catholic Church dignitaries.

Proposal To Extend State of Siege Unleashes Protest

PY2007235895 Madrid EFE in Spanish 1937 GMT 20 Jul 95

[FBIS Translated Excerpt] La Paz, 20 Jul (EFE) — The extension of the state of siege proposed by the government to prevent an outbreak of violence in the central region of the Chapare has unleashed a wave of protests through announcements of strikes, fasting, and road blockades.

Congress hopes to conclude today the long list of speakers of the opposition and the government on a debate about the extension of the state of siege, which must be authorized by Congress in compliance with the Constitution.

The Bolivian Labor Federation (COB) avoided police control and, after a meeting of its leaders, ordered a 24-hour national strike for next week in rejection of the extension of the state of siege for another 90 days, and to demand the release of the leaders of coca growers who have been banished.

The Potosi Labor Federation ordered a 24-hour strike for 21 July in support of the coca growers and in rejection of the extension of the state of siege.

In addition to the quick road blockades set up by peasants in the Chapare region to prevent police units from going to the coca cultivation regions, the General Trade Union Confederation of Peasant Workers of Bolivia announced that roads will be blocked starting next week.

The wives of coca growers asked the government for the release of peasant leaders, including their main leader, Evo Morales, under the threat that they will start a hunger strike that will be supported by women of several unions.

Morales is the executive secretary of the Coca Growers Federation of the Cochabamba Tropical Region and president of the Andean Council of Coca Growers. He has also been proposed as candidate for the Nobel Peace Prize.

Evo Morales was arrested last Friday, 14 July, and on Saturday he was banished to San Joaquin, which is located in the extreme eastern part of the country.

The Peasants Federation of Cochabamba reported that beginning next week, it will stop sending agricultural products and fruits to the cities as a measure to exert pressure for the release of its leaders. [passage omitted]

President Achieves Consensus on Decentralization

PY2007192595 Cochabamba LOS TIEMPOS in Spanish 11 Jul 95 p A1

[FBIS Translated Text] La Paz, 10 Jul (LOS TIEMPOS) — During a long meeting with ADN [Nationalist Democratic Action] and MIR [Movement of the Revolutionary Left] bloc leaders, President Gonzalo Sanchez de Lozada on 10 July achieved the required political consensus for approving, during the special Congress sessions, the government-sponsored Administrative Decentralization Bill. This bill includes provisional articles on prefect rights, Departmental Councils, Departmental Council membership, and the Assistance Fund for the poorest departments.

In his last attempt to reconcile his position with those of the congressional bloc leaders from the opposition parties, in order to permit a solution to the controversial decentralization issue, the president of the Republic submitted a bill that takes into account the proposals raised by the political parties and the civic committees, within a constitutional framework.

MNR [Nationalist Revolutionary Movement] leader Guillermo Bedregal, MIR leaders Carlos Borth, Leopoldo Lopez, Sergio Medinacelli, and ADN leaders Jorge Landivar and Tito Hoz de Vila met with President Sanchez de Lozada to achieve a political consensus on this hot issue, which has tended to worsen our country's tense political and social situation.

After meeting with the president, Senator Leopoldo Lopez, the MIR bloc leader, pointed out that a consensus on decentralization is forthcoming. He noted that after receiving his party's assessment of the governmental proposal, the talks with the president would be resumed on 11 July.

Justice Minister Admits Human Rights Violations

PY2007184595 La Paz LA RAZON in Spanish 14 Jul 95 p A9

[FBIS Translated Text] (Fides News Agency) — Justice Minister Rene Blattmann has admitted the existence

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of human rights violations in Bolivia. The government is therefore striving to correct the huge structural shortcomings that openly violate human rights.

The minister made these remarks after the U.S. human rights organization "Human Rights Watch" reported the existence of human rights violations in Bolivia during antinarcotics operations.

In this regard Blattmann added that there are laws in our country that have already disappeared in other parts of the world, as they violate the dignity of human beings.

The justice minister emphasized that, with the goal of correcting this situation, he has submitted a bill on sworn bail to prevent penal injustice.

The justice minister added: "It is no secret that the entire legal system, and not only Law 1008, is vexatious. A person is confined, and after many years he or she, if lucky, may prove his or her innocence. This is a perverse custom to use against human beings."

The justice minister noted that about 85 percent of detainees are under preventive custody, which represents a violation of human rights.

The justice minister said in conclusion: "We have to admit these facts and strive to correct the mistakes. We cannot go on complaining and leave things as they stand. In this regard, as President Sanchez de Lozada said, the modernization process cannot be tarnished by a legal system that is unacceptable for a state of law."

Deputies Elect Five New Supreme Court Justices

PY2007172795 La Paz PRESENCIA in Spanish 13 Jul 95 p 1

[FBIS Translated Excerpt] After three days of discussions, the Chamber of Deputies yesterday elected five new Supreme Court justices: They are attorneys Luis Alberto Alipaz and Freddy Reynolds Eguia, for La Paz Department; Hugo Poppe Entrambasaguas, for Chuquisaca Department; Eduardo Terrazas for Cochabamba Department; and Kenny Prieto, for Potosi Department.

The new Supreme Court justices were proclaimed by Chamber of Deputies President Javier Campero, who announced that during a solemn session within the next few days they would receive the appropriate signed resolutions. [passage omitted]

Solidarity Civic Union Faction Officially Registered

PY2007021895 Santa Cruz EL MUNDO in Spanish 6 Jul 95 p A14

[FBIS Translated Excerpt] Following internal disagreements, the Solidarity and Democracy [Solidaridad y Democracia] (SYD) party, a faction that split from the Solidarity Civic Union (UCS), was officially "born," registering at the National Electoral Board [CNE]. The SYD, which was registered as a party, hopes to participate in the upcoming municipal elections.

SYD regional leaders have announced that at 1345 on 4 July, the SYD was properly registered at the CNE. The SYD presented a list of 16,000 party members. After checking all the names, the list could be reduced to 10,000 party members. The SYD regional leaders believe this number will suffice to begin as a political party, hoping to grow gradually.

The SYD regional leaders reported that the SYD does not have a national leadership, but a steering committee made up of representatives from each district. At the departmental level, however, there are leaders. Jorge Urenda is the SYD leader in Santa Cruz Department. [passage omitted]

Armed Forces Planning To Join Capitalization Process

PY1907171595 Cochabamba LOS TIEMPOS in Spanish 6 Jul 95 p A9

[FBIS Translated Text] La Paz, 5 Jul (LOS TIEMPOS) — Defense Ministry sources announced on 4 July that the Armed Forces have decided to join the capitalization process implemented by the government through the creation of mixed corporations with private and foreign capital partnerships.

Government sources have said that even though the specific strategy and plans for attracting major financial resources for the Armed Forces have not yet been designed, the High Military Command has expressed willingness to create mixed corporations with features of the capitalization process, joint ventures, and privatization.

The capitalization of Armed Forces enterprises has been a source of concern. This is why the National Secretariat for Armed Forces Development Support has said there are expectations about a prompt call by the executive branch — through the Capitalization Ministry — for "designing privatization strategies."

In statements made to LOS TIEMPOS in La Paz, State Secretary Enrique Soria has reported that the following enterprises may be capitalized within the short and medium term: Military Air Transport (TAM), Bolivian Air Transport (TAB), National Automotive Enterprise (Enauto), and the National Factory of Explosives (Fanexa).

This position was supported a few days ago by Transport and Communications Under Secretary Alfonso

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Revollo, who expressed interest in the capitalization of these military enterprises, which were considered appropriate for receiving private investment.

However, Soria explained that the destiny of the enterprises and the mechanism for their capitalization is a responsibility that will have to be assumed by the respective commanders, in coordination with the Armed Forces commander in chief and the Defense Ministry.

Concerning the enterprises of the Armed Forces National Development Corporation (Cofadena), which are subordinated to the Defense Ministry, Soria said that the secretariat has concrete plans for economic reactivation, which will be implemented after approval of the general projects for capitalization of the Armed Forces enterprises.

Says Soria: "Enauto, Fanexa, ENABE [expansion unknown], the Bolivian Ammunition Factory (FBM), and the forestry, mining, gold, and cattle ranch concessions will either be privatized or put under the joint venture system, following a decision by the Defense Ministry," Soria said.

He said that the transfer of the enterprises, within the framework of the possibilities that were mentioned above, will depend on the financial resources that can be obtained for attainment of the ultimate objective of the plans, which are "to make productive enterprises profitable and of high monetary value, so that in the long run they may become a source of income for the Armed Forces."

New Under Secretary Discusses Penitentiary System

95SM0428A La Paz HOY in Spanish 25 Jun 95
pp 12-13

[Interview with Ivan Decker, under secretary of the Penitentiary System; date and place not given]

[FBIS Translated Text] In two weeks the government will put into effect a new National Penitentiary Plan, whereby it hopes to give the prisoner back his dignity and—by means of short-, medium-, and long-term measures—to solve the problems that afflict the Bolivian penal system.

The executor of this plan—Ivan Decker, the new under secretary of the Penitentiary System—talked to HOY about this subject, although he provided few details concerning the dramatic situation of the slightly more than 6,000 prisoners in the nation. These prisoners are living in terribly crowded conditions—conditions that involve total promiscuity—without any possibility of rehabilitation that would enable them to be reintegrated into society after completing their sentences.

In addition to these problems, others have been identified with precision in an official diagnosis of the situation at the San Pedro Penitentiary—the most crowded in the nation—over which the warden admitted having lost control and where, he said, the "subdivision, purchase, and sale" of space is a flourishing business stimulated by the crowded conditions, which enable the most affluent prisoners to outfit or rent comfortable cells while the less affluent prisoners must sleep outdoors. Another problem is the close relationship between the prisoners and the guards, who on a number of occasions have become accomplices in escapes.

This and other problems will be dealt with in the National Penitentiary Plan, which at the moment does not include privatization of the penal institutions, as Decker's predecessor, Johnny Morato, had reported a few days before being removed from office in the midst of a scandal that rocked the nation.

In addition, the plan is intended to restore the image of an institution that is designed to improve the quality of life of the prisoners—an image that was lost as the result of a violent raid carried out on the Center for Women's Orientation (COF) in La Paz for the purpose of evicting Professor Vilma Plata. Morato had ordered the raid and personally led it.

[HOY] What is your assessment of the situation in the prisons, and what are the government's plans for solving such grievous problems as the crowded conditions and the promiscuity?

[Decker] There is no assessment to be made: the important thing is to recognize that the problems are difficult, and we are taking specific measures to gradually solve each of them. I cannot reveal these measures or the plans that we are making, for if we were to disclose them and not immediately implement them, it would appear as if we were merely trying to get ourselves off the hook—and such is not the case.

We can say, however, that in about two weeks we shall have a new comprehensive policy that the minister of Government is going to lay out for us—a policy that consists of short-, medium-, and long-term measures. We of course believe that over the long term the penitentiary problem must be resolved.

[HOY] Will this new National Penitentiary Plan disregard the proposal that these institutions be placed under the jurisdiction of the Ministry of Justice?

[Decker] The problem is not whether these institutions should be under the jurisdiction of a particular cabinet ministry but whether their economic base—and the economic support for maintaining them—are commensurate with their needs. If these factors are not present,

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no ministry will be capable of managing these institutions. I believe, however, that the Justice Ministry does have the capability.

[HOY] This proposal was made because of the violent raid on the Obrajes Center for Women's Orientation (COF). The proposal recommended that the Center not be under the jurisdiction of the Ministry of Government.

[Decker] I know people think this under secretariat is repressive. That is not the case. The Undersecretariat of the Penitentiary System must be understood as an entity that watches over the prisoners' interests in connection with their treatment. It also watches over their interests in connection with their good board and keep, which—although not excellent—we have been able to maintain. Although the health care we offer is somewhat precarious, I can reveal that we are about to sign a biministerial agreement with the National Secretariat of Health; the medical coverage in our penal institutions could be increased substantially, and this is a good step to take.

[HOY] Does the new National Penitentiary Plan provide for certain specific situations, such as that of minors or persons who need rehabilitation?

[Decker] The new long-range National Plan does of course address the problem of the minors and dependents who are in the system, but the limited capacity of the infrastructure does not allow us to carry out their rehabilitation fully. We do have machine shops, sewing rooms, bakeries, and carpentry shops. We also have the CEMA [expansion not given], together with the rights of citizenship.

[HOY] Was it ever mentioned, during the administration of your predecessor Johnny Morato, that the possibility of privatizing the administration of the prisons was under study?

[Decker] The question of privatization is based on the premise that structure and infrastructure must first be provided, and that is a difficult proposition for us. In the measure that we can provide the infrastructure, however, that might be possible; but so long as we have nothing to offer, we can hardly make judgments.

[HOY] The biggest problems faced by the penitentiaries are the infrastructure and the availability of funds. How are they being solved?

[Decker] We fortunately do receive aid from other institutions, although we cannot always afford the sums they charge us. In Cochabamba we have the assistance of the water company, which give us lower rates in consideration of the fact that water is an indispensable substance in an institution where the inmates have no money to pay for it and the state has limited funds for the purpose.

[HOY] I believe that faced with this cruel reality, the only way to take revenge on it is to apply a little imagination, which will enable us to find some ways to solve these problems.

[Decker] What short-term measures are planned for the Cochabamba and Santa Cruz penitentiaries?

[HOY] We will implement some specific measures within two weeks or one month. I ask you to be patient and await concrete information.

[Decker] In the case of Cochabamba, it so happens that the two penitentiaries are completely full, including the cells of the Special Antinarcotics Force (FELCN) and of the Police.

[HOY] We are in a difficult situation in Cochabamba, which is where I believe we are going to try to solve the problem as soon as possible. We speak of human rights, but we fail to understand that when a man is put behind bars he has been stripped of his dignity, which is the most important possession of a human being. I believe that if we see these small changes, and if people understand that a man can stand to lose everything—including his property—but never his dignity, we shall be on the right track.

[Box, p 12]

Who He Is and What He Believes

The lawyer Ivan Decker took office several weeks ago as under secretary of the Penitentiary System, replacing Johnny Morato, after 14 years in exile as a journalist with Radio Sweden International and Radio Stockholm.

"As a lawyer," he says, "I have devoted my attention primarily to the penal system, because as a young man I was fascinated by criminology and went out into the world with a great desire to be a penologist. My situation in this position is based on my knowledge of criminal law and criminal procedure but basically on my desire to accomplish something."

"In this profession," he confesses, "you are linked to the prisons. When you visit a prison, what you see is sometimes so horrible that the faces of the prisoners come back to haunt you after you leave the prison. You begin to see those same faces, and you begin to feel the same distress."

Decker was also an activist in human rights organizations "at a time when the Southern Cone was seeking better frontiers in exile." He also worked at a center for refugees.

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[HOY] Why did you accept the position of under secretary of the Penitentiary System?

[Decker] People say that "those who have no conscience are our leaders," but I say to them that if those who have a conscience do not want to get involved, then we are in a situation that has no solution.

I find myself in a situation in which I am trying to carry out a task that is—let us say—not a grandiose task but an honorable one, because this undersecretariat has limited resources but great needs.

It is always important to return home, because you should love your homeland not distantly—something that is very easy to do—but love it with all its defects and all its problems. You should not love it from on high but be part of it—part of those who can solve its problems.

[HOY] What goals have you established as a national executive of institutions that are complex and fraught with controversy?

[Decker] We are attempting to establish some general policy guidelines. We are trying to make the people aware that prison is merely a parenthesis in society, and just as parentheses mean two arms embracing words, so must society embrace these prisons and offer its solidarity in the realization that it should help them to solve their problems, rather than criticize them.

The inmates are being reoriented in a difficult place. The Bolivian people should realize that although the prisoners are collectiviely a difficult element, we cannot turn our backs on them. I am committed to that task, and I appeal to you (the journalists) to lend your solidarity and assistance, so that the people will know that even in prison life goes on.

Brazil

Official Comments on Privatization, Funds

PY2107025995 Sao Paulo AGENCIA ESTADO in Portuguese 1530 GMT 20 Jul 95

[By Nilton Horita and Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 20 Jul (AE) — The privatization of Rio Doce Valley Company (CVRD) might be the first in the Brazilian privatization program to follow a model of public sale of shares — either in a bloc or in individual shares — in Brazil and abroad, without stock exchange auctioning. According to BNDES [National Bank for Economic and Social Development] Privatization Director Elena Landau, the model for privatization of the CVRD might be similar to the public sale of shares of Government Oil Deposits (YPF), the Argentine petroleum enterprise that was successfully sold in an international transaction last year.

In an exclusive interview with AGENCIA ESTADO, Laundau declined to report the minimum price for the CVRD, but said the market price of enterprise shares currently stands at 10 billion reals. "We want a different model for the CVRD. We want to divide share control, either by selling blocs of shares or large numbers of shares, in Brazil and abroad," Landau said.

The tender for contracting an independent consulting firm for appraisal of the enterprise and for proposing a model for sale of the enteprise is ready, and will be published by the BNDES within the next few weeks. Landau expects the consultants' work to last at least six months. This is why the company should be privatized by mid-1996.

"Those who accuse the government of slow implementation of the privatization program do not realize that our objective is to obtain the best result from the operation, reaching the best price," Landau said. She explained that the government wants privatization to yield the largest possible amount of funds, attracting large investments, and promoting internal competition. To this end, she went on, "we cannot ignore the market, yet we cannot take hasty action either, because we may end up donating shares, as happened in Eastern Europe."

Laundau noted that the market has already made a large profit through the Brazilian privatization program. "Telebras [Brazilian Telecommunications, Inc.] shares, for example, were quoted at $1 at the beginning of the auction, during the Fernando Collor government. Now the price surpasses $30. Consequently, everyone made a profit in this period," she concluded.

Landau explained that the sale of the first state-run company of the electric power sector — Escelsa [Espirito Santo Power Plants, Inc.] — has prompted a debate within the market on the preservation of the interest of minority stockholders. Treasury Secretary Murilo Portugal has threatened to seize the funds coming from the sale of shares of enterprises under Eletrobras control by issuing NTN [National Treasury Notes] for Eletrobras, which is a holding [preceding word in English].

This operation, however, would strip state-run holdings of funds, affecting their market price. Landau explained that the government wants to defend the minority stockholders of state-run holdings, and that this is why it is not using this method. Portugal added that in addition to refraining from exchanging privatization funds for notes, the government will earmark part of the funds for investment by the holdings. In the case of Escelsa, part of the funds was used for paying Eletrobras foreign

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debt obligations with the Treasury, while another part will go to the holding's coffers.

Plans for Privatization of Eletrobras Announced

PY2007192695 Sao Paulo AGENCIA ESTADO in Portuguese 1552 GMT 20 Jul 95

[By Nilton Horita and Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 20 Jul (AE) — The privatization model to be adopted by the government for the electric power sector will divide Eletrobras [Brazilian Electric Power Company, Inc.] into two units. One of these will be Eletropart, which will control the operational enterprises (Furnas [Furnas Electric Power Plants, Inc.], CHESF [Sao Francisco Hydroelectric Company], Eletrosul [Southern Electric Power Plants], and Eletronorte [Northern Brazilian Electric Power Plants, Inc.]). The other unit will gather together the nonprofitable enterprises, like those of the nuclear sector, and the Brazilian Government's participation in the Itaipu hydroelectric facility, which cannot be privatized because it is operated in partnership with the Paraguayan Government.

According to Elena Landau, privatization director for BNDES [National Bank for Economic and Social Development], the tender for contracting an independent consulting firm to appraise the enterprise and propose a model for the sale of the electric power sector should be published at the beginning of August. The consultants will not look into the Eletrobras system until 1996.

The government has already reached a consensus over the privatization of the electric power sector: Generation and distribution of power will be transferred to the private sector. Concerning power transmission, however, there are still doubts as to whether it would not be better to keep it under state control. This, Landau said, could preserve the electric power sector's competitiveness.

Landau added that current Eletrobras stockholders will exchange their stock for Eletropart stock. Stockholders will then have the option of later choosing their shares in the privatized operational enterprises.

The privatization timetable provides for the sale of the Brazilian electric power system by 1997. Landau said it is necessary to keep calm in conducting the sale of the electric power enterprises, as Brazil is currently competing with Italy and Germany, which are organizing the privatization of their electric power networks.

The German network, for example, is valued at $20 billion, while the Italian network is worth $14 billion. On the stock market, the Brazilian electric power network is valued at $18 billion. "There is strong competition, and our objective is to obtain the best possible price," Landau said.

Regional Court Reverses Suspension of Sivam Contract

PY1907013495 Sao Paulo AGENCIA ESTADO in Portuguese 2350 GMT 18 Jul 95

[FBIS Translated Text] Brasilia, 18 Jul (AE) — Judge Leite Soares of the Regional Federal Court (TRF) today reversed a temporary restraining order issued by Judge Vera Carla Nelson de Oliveira Cruz of the Ninth Federal Court that suspended the implementation of the Amazon Region Surveillance System (Sivam). In response to a petition filed by Geraldo Magela Quintao, the federal government's legal adviser, Judge Leite Soares granted a writ of mandamus to reverse Judge Oliveira's restraining order. In his ruling, Judge Leite Soares states that the suspension of the implementation of the Sivam project could bring irreparable damage to the federal government.

Judge Oliveira had issued her restraining order in response to a class action suit filed by Deputy Arlindo Chinaglia (Workers Party-Sao Paulo), who sought to prevent the signing of the contract between the Brazilian administration and the U.S. company Raytheon, which is in charge of implementing the project.

Strategic Affairs Secretary Ronaldo Sardenberg and Magela Quintao, who commemorated this victory, today informed President Fernando Henrique Cardoso of the TRF ruling.

Official Views Issue of Sensitive Item Exports

PY1907023895 Rio de Janeiro O GLOBO in Portuguese 12 Jul 95 p 6

[Commentary by Strategic Affairs Secretary Ronaldo Mota Sardenberg: "Arms and the Space Program"]

[FBIS Translated Text] President Fernando Henrique Cardoso has submitted to Congress a bill regulating exports of sensitive items and services directly related to them. The bill will regulate the exporting of goods and services in all areas that are considered sensitive, that is, that can be used for military or civilian purposes, and that might help in the development of weapons of mass destruction (nuclear, biological, or chemical) or launch vehicles (missiles). The exporting of those goods will require prior authorization by the appropriate federal organs, under coordination of the Strategic Affairs Secretariat (SAE) of the Presidency.

The approval of the bill will be the crowning point of a series of political commitments that Brazil has assumed

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over the past few years in the field of disarmement and nonproliferation of weapons of mass destruction. The objectives of those commitments are to strengthen international confidence in Brazil, to guarantee the peaceful objective of the Brazilian space and nuclear programs, and to permit Brazil to join the ranks of countries exercising control over exports of sensitive items and their related services, among them sensitive technology.

Among such commitments, it is worth mentioning the 23d topic of paragraph a) of Article 20 of the federal Constitution, which sets forth that nuclear activities in the national territory will be developed only for peaceful purposes; the Quadripartite Agreement between the Brazilian Government, the Argentine Government, the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (Abacc), and the International Atomic Energy Agency (IAEA); the ratification and full enforcement in Brazil of the Treaty Banning Nuclear Weapons in Latin America and in the Caribbean (Treaty of Tlatelolco); the creation of the Brazilian Space Agency (AEB), a civilian organ directly subordinated to the presidency; and the Declaration of Mendoza, by which Brazil and other Latin American countries gave up producing, purchasing, holding, transferring, using, or helping to develop chemical and biological warfare agents.

In the specific field of space activities, the Brazilian Government has, since 1982, made formal contacts with the countries making up the Missile Technology Control Regime (MTCR), seeking to open the Brazilian space program to international cooperation. Such cooperation has been hindered since the creation, in 1987, of that informal agreement (contrary to what is believed, it is not an international treaty) that has been established for controlling exports. A ministerial background report submitted in November 1993 led to the strengthening of contacts between Brazil and the MTCR. In this regard, following a decision made at a ministerial meeting held in February 1994, Brazil announced its unilateral decision to observe MTCR guidelines. This decision did not mean that the country joined the MTCR, but that it would control exports following MTCR guidelines, as an initial step toward possible membership in the regime.

President Itamar Franco ordered the government to control exports of goods and services related to missiles, based on existing laws and control mechanisms. It was a temporary measure, which should remain in force until approval of the bill that has now been submitted to Congress for controlling exports of all items that are considered sensitive — an essential precondition for a country willing to join an organ like the MTCR.

The control measures (it should be emphasized that they were designed for controlling exports) adopted in December 1994 have been exercised in strict compliance with the spirit and the letter of the MTCR. As a matter of fact, MTCR guidelines clearly state that the adoption of export control measures following MTCR terms does not entail any type of restriction whatsoever on the development of national space programs and, consequently, on the importing of the necessary goods and technology. Based on this interpretation, the commercial operations undertaken by the organs involved in the national space program — particularly the Satellite Launch Vehicle (VLS) — have not violated any international treaty signed by Brazil, nor have they violated the political commitments assumed by the Brazilian Government.

The Brazilian Governent maintains commercial cooperation relations in the space field with several countries, and has given all guarantees of the peaceful objectives of its purchases. The approval of a comprehensive law for controlling exports of sensitive goods and their related services will strengthen the cooperation links between Brazil and its partners. It will also send a signal of the Brazilian interest in joining the MTCR on an equal footing with its current members. Brazil expects the numerous political nonproliferation commitments and the national space program to strengthen each other. Improvement of the national space program will make it possible for our country to join the satellite launching market from the Alcantara Base, and to have access to the technology that is essential for promoting Brazilian economic development in the current world.

S&T Minister Discusses Goals, Projects

95SM0426B Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jun 95 p A7

[Article by Isabel Versiani: "Israel Vargas Wants More Private Investment"]

[FBIS Translated Text] Brasilia—Increasing the participation of private investment in technological development is the main challenge facing Minister of Science and Technology Jose Israel Vargas. Brazilian firms are currently responsible for 10 percent of total investment in that sector, a figure amounting to 0.7 percent of GDP [gross domestic product]. Vargas wants that figure to reach 30 percent by 1998. To make that leap, the minister is relying on the effectiveness of two laws: Law No. 8,248/91 and Law No. 8,661/93.

The first of those laws allows firms investing more than 5 percent of their billing in informatics research to deduct up to 50 percent of the tax owed. According to the minister, that represents "a response to the end

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of the market reserve." For every real the government does not collect, 2.30 reals are invested. The second law is one of the main instruments in the Program for the Support of Technological Expertise in Industry. It grants a total exemption from the IPI [industrial products tax] to equipment and inputs used for research and allows deductions of up to 8 percent of the tax owed in the case of expenditures on technological development. The government hopes that its implementation will boost investments by about $900 million in exchange for tax deductions of $300 million.

"The private sector is the privileged end user of technological development," says Vargas in justifying his position that funds for science and technology cannot come exclusively from the government. To back up his idea, the minister cites the example of the "Asian tigers," where private investment accounts for 70 percent of all investment in that sector.

Despite those arguments, Vargas also wants to improve the basic public structure of science and technology under his administration. To do so, he admits without hesitation that he will fight for earmarked funds. His first target will be the funds raised by privatization. The minister wants the government to reiterate the commitment made in a measure signed by former President Itamar Franco and stating that part of that money would go to his ministry. Vargas also intends to plead for a similar earmarking of money earned from the concessions, but he does not say exactly how much money he expects to collect through those operations.

To improve the Federal Government's coordination in his sector's activities, Vargas believes that an "institutional shakeup" is also needed and that it should start with installation of the Committee on Science and Technology. The bill calling for the establishment of that agency is before the Senate and will probably be voted on during the second half of this year. According to Vargas, its approval is essential to ensure coordination of the activities of the various ministries spending money on technological development by subjecting those expenditures to strategic rationalization and planning.

Vargas is also working in Congress to win approval for two constitutional amendments directly affecting his sector. Article 37 needs to be amended, the minister says, in order to do away with the ban on hiring foreign professors and scientists for Brazilian universities. Vargas also wants to give researchers and technicians the same pay as that applying to professors, thus favoring the training of human resources directly involved in technological development.

According to the minister, Mercosur [Common Market of the South] will mean big benefits for our country in the field of technology. Argentina in particular is more advanced than Brazil in some areas such as biochemistry and food technology. On the other hand, Brazil can offer experience in the areas of steelmaking, informatics, and electronics. Some links have already been established. Argentina is testing a satellite at the National Institute of Space Research (INPE). The two countries are also examining the possibility of converting the Institute for Research on Clean Technologies, currently located in Brazil, into a binational institute. To strengthen those forms of cooperation institutionally, the minister-members of Mercosur are calling for the establishment of a special committee for that sector.

As far as the rest of the world is concerned, Brazil now has several scientific and technological projects underway in partnership with other countries. The biggest such project is the satellite, budgeted at $150 million, that is being designed in cooperation with the Chinese Government. That satellite is being developed by scientists of both countries, and its launching, scheduled for October 1996, will take place in China.

Last year Brazil signed a cooperation agreement with the United States. It provides that a domestic infrared camera for use in making earth observations will be tested on NASA's space shuttle. After being tested, the camera will be linked to Brazilian remote sensing satellites.

Although he feels that the current situation in science and technology is still "quite disturbing," Vargas is optimistic. In his opinion, economic stability is essential if bigger investments in the sector are to be possible. "It is impossible to engage in science and technology in an inflationary situation," he explains. The minister also points to the economic opening-up as being responsible for the private sector's recent concern with quality, since such a concern is necessary in order to face the competition. As an example, he cites the growing number of firms obtaining the ISO-9000 certificate: their number should total 1,200 by the end of the year. "The picture is going to change," Vargas predicts.

Planning Minister Jose Serra Profiled

95SM0426C Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jun 95 p 1

[Article by Claudia Safatle: "The Minister Who Is Always Consulted and Who Likes To Fill the Gaps"]

[FBIS Translated Text] Brasilia—If there is anything that Senator Jose Serra, minister of planning and budget, knows how to do and likes to do, it is to fill the gaps. But when asked about the truth of the statement that he is a superminister, minister of economy, or something

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along that line, he immediately objects: "Your social personality if given to you by others. I can assure you that there is a big difference between the social personality attributed to me and my own individual personality," he says.

There is no important matter and no decision to be made by President Fernando Henrique Cardoso on which Serra is not consulted or in which he is not involved in some way. They talk to each other every day. Serra also does not refrain from making suggestions in all areas of government from education to the publishing of a decree-law establishing Brazilian automotive regulations, the exchange rate, and the conduct of the political process.

He sometimes ends up getting credit for things he did not do. Or at least was not the first to think about doing. At the end of last January, when the problem of the avalanche of automobile imports was complicating the trade balance, Minister of Finance Pedro Malan reportedly suggested the need to establish automotive regulations like those adopted in Argentina. The different policies being pursued in that area by the two countries were causing problems, and the Argentine minister of economy himself, Domingo Cavallo, had already called the attention of Brazilian authorities to that fact. Malan may have thought it up, but Serra followed up on it by preparing the decree-law, and at the start of this month, much to the surprise of the Ministry of Finance, everything was ready, according to an adviser very close to the minister of planning.

Serra is convinced that drawing up the automotive regulations was absolutely necessary and that they do not violate the Ouro Preto (Mercosur [Common Market of the South]) agreement, and he feels that the "storm" that followed with the Argentine Government was the result of misinformation.

A year having passed since the real was established on 1 July 1994, Serra sums up the next challenges, which are neither few nor trivial, as follows:

First, to deindex the economy so as to destroy what remains of inflationary inertia. "If we want a one-digit annual inflation rate, we are not going to get it without deindexation. The stabilization program in Chile has been trying for 14 or 15 years to bring inflation down to one digit because there they have indexation," the minister says.

Second, to keep the structure of the balance of payments sound. Serra declines to comment on the exchange rate to journalists. According to him, that is not the kind of subject that lends itself to academic debate by the newspapers. But it is known that the overvaluation of the real is one of his concerns. Perhaps the most serious one in the short term.

Third, to establish a more permanent structural fiscal policy. That is to be his main task in the second half of the year. Serra has built a reputation for orthodoxy in the area of public revenues and expenditures, and he is irritated by the opinions of economists who, without bearing the responsibility of managing the government, criticize the fiscal policy and call for operating surpluses in the public sector that are compatible only with authoritarian regimes. "They (the economists) say that a surplus of 10 percent of GDP [gross domestic product] would be excellent for consolidating stabilization. But so what? That's like saying that Brasilia is in arid country but that if there was rain it wouldn't be."

Fourth, to increase the rate of investment in the economy from last year's 16 percent of GDP to 18 percent of GDP this year and 22 percent by the end of the Cardoso administration. He cites the case of Mexico: "One of Mexico's problems was the declining rate of investment. Mexico lost its ability to grow. I am tremendously concerned to see an increase in the rate of investment, an increase in efficiency, and a reduction in the cost of investment," the minister says. He also points out that one of the "sound" aspects of the Real Plan is that financing by Finame [Fund for Financing Machinery and Equipment] for the capital goods industry has practically doubled.

A native of Sao Paulo and a president of the National Union of Students in the 1960's, Serra, now 53, began his political career in the PMDB [Brazilian Democratic Movement Party] as a federal deputy and participated, along with Fernando Henrique Cardoso and Sao Paulo Governor Mario Covas, in founding the PSDB [Brazilian Social Democracy Party], the party which he headed in the Chamber of Deputies. He was elected senator in the last election with more votes than any other senator in the country, and those 6 million votes reportedly led him to dream of becoming governor of Sao Paulo and even president of the republic. He does not admit to that last-named possibility.

A conscientious and hard worker, he imposes discipline on his advisers. Reluctant to delegate authority, he does not allow any employee of Seplan [Secretariat of Planning and Coordination of the Presidency of the Republic] to speak to the press without his prior authorization. His years of study in the United States instilled in him a habit that he still cultivates today: that of using the price of a Big Mac (a sandwich sold by the MacDonald's chain) as a measure of relative prices in the economy. Like Fernando Henrique, he is also not in the habit of carrying money in his pocket. "We pay

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for this or that, and he reimburses us," says one adviser who has been with him for years.

"My number one priority is stabilization," says Serra. And he adds: "The government is looking at four years, not one." He again mentions the Mexican case as an example of what should not be done: "Salinas (former President Carlos Salinas de Gortari) was doing well, but the imbalances kept piling up and an experiment failed."

He learned to peel pineapples as a teenager, when he would help his father at the traveling market in Sao Paulo, where his father owned a market stall. Today he keeps a wooden pineapple on his desk, he knows exactly how to cut the fruit so as to distribute its flavor, and he does not believe in easy solutions.

"I don't believe there is a magic key from the standpoint of economic policy. There has to be a general course of action and continuous, diversified, and resolute action in many areas," he says.

He feels that for the present, the fiscal adjustment that is possible is being implemented. "We are curbing federal spending. But the bulk of that spending cannot be reduced further. Salaries plus spending on federal retirees and pensions for retirees paid by the INSS [National Social Security Institute] are equal to all of the extraordinary increase in revenue that has occurred in recent years. Today the tax burden equals 30.5 percent of GDP, and the tax reform that the government intends to introduce in the second half of the year will not result in increased revenues. The reform is intended not to increase the burden but to improve the system's efficiency and exempt investments, capital goods, and agricultural inputs."

According to him, privatization has received new impetus under this administration, and revenues from the sale of government-owned firms will go into a Stabilization Fund which, he says, is to be used to extend the profile of domestic movable debt.

The actual fiscal reform is taking place on the expenditure side, the minister emphasizes. "We must contain growth in spending, make the payroll secure, and prevent the establishment of new municipalities. There is a variety of things to be done in that area."

Serra is happy as minister of planning, say some of his friends in the administration. It is just that he does not like getting up early or staying in Brasilia on weekends to attend cabinet meetings—as happened, incidentally, last Saturday.

Chile

Commission To Establish Mechanism for Joining Mercosur

PY1907012295 Santiago EL MERCURIO in Spanish 10 Jul 95 pp A1, A6

[Article by Maria Jose Errazuriz]

[FBIS Translated Excerpt] Buenos Aires — The Chilean and Argentine governments agreed to create a special commission for establishing a concrete mechanism or "framework project" to allow an association of our country with the Common Market of the South [Mercosur].

The commission, which will be made up of official negotiators of the two countries, may start working in the next 10 days, and may also include other Mercosur members.

The decisison was made on 7 July by Chilean Foreign Minister Jose Miguel Insulza and Argentine Economy Minister Domingo Cavallo, who will convey this decision to the other Mercosur members.

Chilean Ambassador Eduardo Rodriguez said the commission will study the differences that emerged last year in order to have, by late this year, a definite idea on the issue.

Rodriguez added that Foreign Minister Insulza and Economy Minister Cavallo proposed the need to define a timetable and action plan to expedite the process of Chile joining the Mercosur.

This plan does not change the "four plus one" negotiating process developed so far, and it only seeks to accomplish, in the best possible way, the political will of Chilean President Eduardo Frei and his Argentine counterpart, Carlos Menem. [passage omitted]

Italy's Scalfaro Begins Visit To Tighten Relations

PY2007133895 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 20 Jul 95

[FBIS Translated Text] Italian President Oscar Luigi Scalfaro arrived yesterday in Chile.

Scalfaro has come to tighten relations between the two countries. He was last night awarded the Great Collar of the Order of Merit.

Scalfaro, one of the most popular Italian politicians, was met at Pudahuel airport by Chilean Foreign Minister Jose Miguel Insulza. Upon his arrival for a 3-day visit, the Italian president made a short speech in which he said this visit will yield positive results for the two countries.

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President Eduardo Frei was also at the airport to welcome him.

His first official activity was a visit to La Moneda Palace where he met for more than an hour with the Chilean president. Scalfaro will also meet with the presidents of the Senate and Chamber of deputies.

During a dinner party offered by President Frei at La Moneda Palace last night, he noted the Chilean government's interest in greater Italian business sector participation in the Chilean development strategy.

[Begin Frei recording] In the strictly economic field, I want to point out to you the great interest of Chile and my government in greater Italian business sector participation in our development strategy. Italian tradition make Italian products unique in the world. We want to use this experience in Chile. The background and importance of small and medium Italian enterprises are significant to Chile. [applause] [end recording]

Scalfaro replied that his country wants the partnership that Chile is currently negotiating to materialize soon.

After the speeches, Scalfaro received the Great Collar of the Order of Merit from President Frei. Government authorities, diplomats, and representatives of the Armed Forces attended the dinner.

Political Consultation Mechanism Created With Egypt

PY1907224495 Santiago LA NACION in Spanish 19 Jul 95 p 8

[Article by M. I. Ruz]

[FBIS Translated Excerpt] After two days of work by a mixed commission, the governments of Chile and Egypt created a mechanism for permanent political consultation. The work of the commission was directed by Mariano Fernandez, Chilean Foreign Ministry under secretary, and his Egyptian counterpart for affairs of the Americas, Ehab Wahba. It has been learned that Egyptian President Husni Mubarak has accepted an invitation to visit Chile before the end of the year.

Fernandez and Wahba exchanged views on the role played by the UN Security Council and the Nonaligned Movement in the international arena at present. [passage omitted]

Colombia

Samper Addresses Congress on State of Nation

PA2107014995 Santa Fe de Bogota Inravision Television Cadena 3 in Spanish 2200 GMT 20 Jul 95

[State of the nation address by President Ernesto Samper before a joint session of Congress at the opening of the 1995-96 legislative period, in the Oval Room of the National Capitol Building in Santa Fe de Bogota — live; broadcast in progress]

[FBIS Translated Text] ....Mr. President of the Supreme Court of Justice; Mr. President of the Constitutional Court; Mr. President of the Honorable Council of State; Mr. President of the High Council of the Judiciary; Mr. Prosecutor General of the Nation; Messrs. Ministers; Mr. Secretary General of the Presidency of the Republic; Messrs. Commanders; Commander General of the Military Forces and Chief of the Joint Staff; Messrs. Admirals, Major Generals, Force Commanders, and National Police Director General; Mr. Acting Attorney General of the Nation; Mr. Comptroller General of the Republic; Mr. Mayor of Santa Fe de Bogota; Mrs. Governor of Cundinamarca; Honorable Members of the Congress of the Republic; Messrs. Presidential Secretaries and Advisers; Jackie [first lady]; Ladies and Gentlemen:

I am pleased to attend the installation of the Congress of the Republic's sessions for the 1995-96 legislative period. I appear before you to present my first state of the nation report. With your support, these sessions will surely be as fruitful as previous ones.

The first surprise awaiting anyone who assumes control of the state is the difficulties involved in governing Colombia. We must multiply our efforts to make Colombia more governable; in other, perhaps more pessimistic words, to see that it does not become ungovernable.

In my 7 August inaugural speech, I said the government's actions would be characterized by the search for peace, the struggle against drug trafficking and crime, and overcoming social exclusion. I issued a public appeal to those who have taken up arms so we could achieve a permanent peace treaty. I said I would not resign myself to accepting that Colombians are condemned to live amid the insecurity which results from violence.

We set out, with the High Commissioner for Peace, to determine whether those people who had taken up arms were willing to reconcile. This prompted us to propose in November in the city of Popayan the beginning of a new preparatory phase for possible negotiations. In Popayan, we said we did not want the peace process to become a new opportunity to engage in armed proselytism. We also said we were willing to achieve peace in the middle of a war because we are convinced it is a contradiction to demand peace — our ultimate goal — before negotiating the end of the war.

We warned that the government would never renounce its constitutional obligation to enforce public order

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throughout the nation. We decided that the search for peace should also entail an effective humanization of the war. If we are not capable of ending the war, we must at least spare the innocent people who are the victims. In compliance with this proposal, this Congress approved the Second Protocol of the Geneva Accords, which includes the universal guidelines for the protection of human beings in an internal military conflict.

The ethical justification for the need to humanize the war cannot be more overwhelming or clear. Torture and booby traps that mutilate are not legitimate acts of war but are simply and clearly acts of barbarism. Hostages and kidnapped people cannot be considered political prisoners in any case or for any reason. The actions against the dignity of people, their physical and moral safety, or civilian assets cannot be justified as normal acts of war. My government's unilateral commitment to international humanitarian guidelines is clear and firm, as is my determination to achieve real and verifiable accords and agreements to effectively attain peace in the country.

This would be a first step in achieving peace, which should not be undermined by matters that can be discussed at the negotiating table, amid all guarantees, within the framework of the Constitution and the law.

We have also plainly stated that to clear the general outlook for reconciliation, we need to advance our strategy to dismantle and counteract the actions of the ill-named paramilitary groups by warning that the government rejects any violent armed group, because the legitimate monopoly of force in the hands of the Armed Forces of Colombia is the only possible condition for securing peace and recovering the citizens' safety.

The humanization of war is part of our general policy in defense of human rights. Colombia has one of the highest rates of violence on the planet. Frequently the phenomenon of violence is limited to so-called political violence; that is, the confrontation between subversion and the legitimate force of the state. We forget that 80 percent of homicides in Colombia are perpetrated by individuals without criminal backgrounds. These crimes are a reflection of violent backgrounds and are compounded by social situations such as an increase in the number of weapons and the consumption of intoxicating beverages and drugs. To combat this painful reality, we must build a new culture of coexistence, something that will only be possible through new education in respect for human rights.

My government has defined a clear human rights policy. For us, respect for human rights is not a problem of image but of realities. We must admit that the true human rights situation in Colombia is not very different from its image. Let's work harder to change the reality rather than to improve our human rights image.

In the past few months, we approved very important legal provisions regarding the application of international treaties on respect for human rights, and we opened human rights oversight offices at all military garrisons in Colombia. We committed ourselves to implement a policy to help the 500,000 people displaced by violence. Before the international community, we assumed responsibility for the Colombian state for the participation of its agents in the Trujillo Massacre, whose scenes of terror and sorrow still make us shudder.

We have opened investigations into other cases of mass human rights violations and have honestly and faithfully answered all questions to explain our conduct to the international sector. We have initiated a new program on respect for basic rights in all our schools. For my government, I repeat, the defense of human rights is a matter of principle. No state can demand that its citizens observe a code of conduct that it is unable to demand from its own personnel.

When the Popayan preparatory phase ended, we announced in Bucaramanga that we were willing to initiate a negotiation process, jointly or separately, with the spokesmen of the various sectors that have taken up arms. We presented the bases for a generous peace offer in Bucaramanga. Could we have acted differently? How could we hold negotiations without guarantees? How could we convince the future negotiators, whose lives were being threatened, to come to establish peace?

Several spokesmen for the so-called hard-liners — some naively and others in a clearly self-interested manner — made it seem as if our offer implied a renunciation by the state of its right to exercise its territorial sovereignty. They even doubted the constitutionality of the offer. Nothing could be more erroneous or totally detached from the legal reality. Certain groups did not take into account that according to Article 22 of the new Constitution, the president of the Republic is as obliged to search for peace as he is committed, by Article 189, to maintain public order. As I observed at the Cartagena Naval School, my government does not need to be reminded of the constitutional and legal limits of its actions. The government has understood those limits perfectly from the moment that I, as president, swore before this same Congress to faithfully comply with the Constitution and the laws of Colombia.

Having clarified that point, I must admit that the rebels have not given a sincere response to our peace offer. On the contrary, their deadly terrorist actions have increased since the Bucaramanga announcements were

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made. Many innocent victims have fallen since then. We know that it is more difficult to achieve peace than to make war. After all, two people have to agree to achieve peace, whereas only one party can decide to make war. Nevertheless, with the same sincerity with which we have been working for peace, we must tell the rebels that time is running out for them to give unmistakable signs of their willingness for reconciliation.

God knows how important it is for a person like me, who, like many other Colombians, has suffered from physical violence, to persevere in the elusive and often thankless task of looking for peace among his countrymen. I know, however, that most Colombians share my conviction. I have felt it while touring the countryside and listening to peasants who have been evicted from their land and to Cauca students who have spoken at the funerals of ambush victims. I have felt it upon hearing the pleas of farmers whose lands, razed by violence, have stopped producing. I have felt it upon seeing the suffering of parents who have lost sons, humble soldiers, in this war.

Drug trafficking is another serious threat to Colombia's governability. The presence of illegal drugs in neglected areas is decimating the municipal unit, making room for legal informality, and creating attitudes that are openly hostile to the government. Drug trafficking has managed to impose a new scale of social values in several regions and sectors that is clearly contrary to the moral climate required to further a sound society that is based on principles, the recognition of individual merits, and progress as the basis for citizen advancement.

Contrary to what many believe, especially abroad, drug trafficking has created serious distortions in our economic system as it has altered the relative prices of goods and services, deteriorated the purchasing power of our exports, and generated undesirable pressure on our monetary system. Drug trafficking has also financed several forms of violence, and this relationship poses one of the most serious challenges to the stability of our democratic system.

For those reasons, Colombia must view the fight against drug trafficking as a national security matter and as an ethical commitment to preserve democracy. Furthering the commitments I assumed when I took office on 6 February 1995, I announced the bases for a comprehensive policy to combat this activity. In the past, such actions had been geared alternatively to reducing the production, distribution, or consumption of drugs. Now we are going to go deeper against all manifestations. Our goal is to end drug trafficking in Colombia.

Since I assumed office and extended this comprehensive policy, we have eradicated, taking the necessary legal environmental precautions, close to 22,000 hectares of illegal crops, which represent 30 percent of the areas that had been planted. We have implemented a crop substitution program that includes extensive measures to support areas with illegal crops and those that could be used for such purposes. The program, which includes community participation, is meant to strengthen the institutions, boost production, build infrastructure, and, of course, substitute the existing crops. With the cooperation of the United Nations and the EU, alternate crop programs are already under way in Guaviare Department and will soon begin in Huila and Putumayo.

To combat the industrial production of drugs, we have stepped up seizures of precursors and cocaine paste, militarized San Andres, and implemented a meticulous airport control operation. At the beginning of this year, we made the biggest seizure of chemical precursors ever: 3,000 tons of sodium carbonate.

Thanks to the approval of the anticorruption law, we will also actively fight the laundering of assets. Henceforth, anyone who insures, converts, invests, transfers, guards, transports, administers, or acquires goods stemming from illegal activities will serve up to 24 years in prison. We are also taking action to prevent consumption. Colombia is not free, as some think, from the threat of increasing drug consumption.

That is how the legislators present here understood it when they approved in the first legislature the bill that amended Article 16 of the Constitution, making it possible to penalize drug consumption again. We add to this initiative an ambitious education and prevention campaign against consumption through the media in schools. A top level commission agreed on changes on the implementation of the provisions of the existing policy of surrendering to justice to guarantee the right of defendants to a fair trial, without incurring into the dangerous practice of imposing minimum sentences and granting maximum benefits, as a general rule.

To conclude, we have the achievements attained in the chase, capture, and surrender of the bosses of the so-called Cali Cartel. In just a few weeks, thanks to the action by the Bloc Search — without having fired a single shot or lost a single innocent life — we have been successful in subjecting to justice five of the cartel's seven top leaders. Without boasting, Colombia can today announce to the world the beginning of the end of the Cali Cartel.

However, we cannot rest yet. The end of the cartel must not be confused with the termination of drug trafficking in Colombia, much less in the world. Much work remains to be done. We have to dismantle routes and hunt foreign drug traffickers. We must fight tirelessly

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the money laundering networks that recycle drug money abroad. We must demand significant progress in the reduction of international consumption levels.

In addition, succeeding or failing to stamp out drug trafficking in Colombia does not exclusively depend on the actions by the government or judges. It depends on all of us. If in the past we coexisted through our actions or omissions with the diverse manifestations of drug trafficking, now we have the opportunity to reject it as a society and truly pledge to fight it. If we succeed, the dream of a drug free Colombia will not be as distant as it was when my administration began.

The task of freeing Colombia from violence, corruption, and drug trafficking is closely linked to our possibilities of improving the system of administration of justice and, most of all, of attaining a regime of punishment that gives exemplary punishment to behaviors that are doing the most social harm to us.

Approval of a statutory justice law will allow us to progress in a direction of effective justice for all. It will be up to this congress to pronounce itself with respect to a new penal legislation. To be quite honest, the sentences currently in effect are nothing but ridiculous. Nearly 63 percent of all criminal conduct receive sentences ranging to less than 12 months which, together with the plea bargaining possibilities included in the law, transform the sentences into a matter of mere weeks.

As long as we fail to adopt measures to correct this situation we will be unable to control the increase in criminal activity, especially as it relates to the growth of organized crime. For criminal activities such as those resulting from when individuals organize to commit a felony, to kidnap, to traffic in drugs, to steal, or execute a massacre, we plan to recommend the most severe penalties, and the ones where it is most difficult to obtain a sentence reduction.

The citizen safety problem is one the social cries which the authorities must solve as soon as possible. The influence drug trafficking has been exerting over the formulation of criminal legislation in Colombia has unfortunately resulted in interfering with the state's ability to adopt effective measures to counter street crime, violations, burglaries, attacks, and manslaughter.

The time has come when we must legislate to put an end to what has turned into daily threats; the time to legislate in an attempt to protect the average, defenseless citizen.

On the other hand, and considering some of the previously mentioned conduct, justice administration ascribed to the police authorities has also proven inefficient. For this reason, it is essential to once again raise special violations to the category of crimes, thus complying with the constitutional mandate to turn over to judicial authorities the responsibility of trying such violations punishable with jail terms. The police is currently in charge of handling such violations.

Sentences should not only have a healing effect through the reeducation programs, but should also serve as a deterrent to future criminal activity. However, my government's greatest commitment lies in its commitment with the people. Of little use it will be for us to defeat drug trafficking, if the standard of living of the population remains unchanged. Peace will be of little use if we continue to lose the war against poverty.

During the past legislature this congress approved the Social Leap Development Plan [Plan de Desarrollo El Salto Social]. This plan includes all measures we have already begun to undertake to improve the standard of living of those 12 million Colombians who have been excluded from all social benefits, as well as how these measures will be subsidized.

Half of the budget for the coming years has been invested in social development. Investments in education will increase by 60 percent. At the end of my term in office, 90 percent of all Colombians will be able to count on an efficient water and sewer system. Major investments will be channeled to the health sector. The approval of bill 100 will ensure that practically 15 million will be receiving attention for their health requirements.

In addition, during these past months we have been able to implement the action plans that complement the basic strategy included in the Social Leap Development Plan. The Social Solidarity Network was able to identify the basic needs of all Colombian municipalities, and has begun to approve disbursements for specific projects related to those network sponsored program to provide attention to single mothers, homeless senior citizens, rural housing, nutritional supplements, training programs, and recreation.

The social pact that was reached by the government with businessmen and workers has allowed us to reduce the inflationary expectations and to find, by means of an agreement, the necessary social commitment to regulate the increase of prices and wages. Without the pact, the annual inflation would not be the one we have today — several points under its established trend — it would be much higher. With the pact we have also shown that we can reach an agreement to make social improvements.

The national employment program presented in Medellin this year, has taken great strides in reducing the unemployment rate as can be seen in last month's numbers. Finurbano [expansion unknown], the

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instrument created to promote employment through small- and medium-size firms, has made important disbursements that have already produced 30,000 new job opportunities. Exports, thanks to the new foreign exchange policy, are also recovering expeditiously and are generating more jobs.

With the Lets Give the Farming Sector a Chance [Abrirle Campo al Campo] program we have managed to stop the deterioration process in the agriculture sector. We have and will continue to demonstrate that the word subsidy is not a taboo when it means backing the farming sector. We have subsidies for the farming sector through the recapitalization of the Agrarian Trust Fund, for the regularization of farming debts, and to back absorption agreements to defend community farming revenues. For the first time after many years, we have again talked about agrarian reform and after 20 years, we have started to build a new irrigation district in Boyaca.

Indeed, we are convinced that only by generating new opportunities for Colombian farmers, youth, women, and the poor will we be able to have a country that progresses peacefully. Only by investing in people, with the social leap, will we achieve the dream of defeating poverty.

We are aware that the headway made and the one we expect to make in the future, will only be possible with adequate conditions of macroeconomic stability. The government has been prudent in the management of its fiscal commitments. The results are evident. We will grow more than five percent this year, reduce inflation a few additional points, and maintain a low unemployment level. In addition to the two budget cuts we have made, we will shortly implement an austerity program that will include the freezing of plants, moderating public wage adjustments, and reducing non-essential general expenses.

We are not going to sacrifice social investment for the sake of bureaucracy. We are going to tighten our belt at the level of non-essential public expenditures. We are sure that we will have your support by approving the resources to help finance the program that will allow us to reach the desirable level of investment in the people. It would be absolutely worthless to have jointly approved the most ambitious equity and modernization program known in recent Colombian history, if we do not have your support to help us finance it. Thus, I request your assistance with the approval of the tax reform bill.

Governability also has to do with the need to strengthen our political system.

The Constitution of 1991 made headway in defining a political system with greater participation, more decentralized, and with greater guarantees. It lagged behind, however, in amending the indispensable instruments to ensure political development, such as political parties, the Congress, and channels of citizen participation. With the spokesmen of different political trends of the so-called civilian society and academic world, the government has drafted a proposal for a political amendment that it will submit to the Congress in the form of bills to amend the constitution and the law.

The objective of the political reform is to return viability to political parties so that in this condition they can continue playing their role of providing political alternatives within a concerted system of government and opposition. The political reform also seeks to modernize the task the Congress performs so that political activities that are now been conducted elsewhere — away from the Congress and the political parties — can again be conducted here in this natural scenario of democracy.

The political reform seeks to turn into institutions the channels where citizens can express their complaints so we can make the passage from a culture of conflict, which today marks our social relations, to a new culture, one of concerted agreements, that will help us handle our differences without killing, offending, or slandering each other.

The political reform will center on the following aspects: internal democratization of the political parties, something that covers the democratic selection of candidates, the handling of endorsements, punishment for dual party affiliation, as well as the implementation of positive actions to guarantee the sacred right to participate by minorities like women, Indians, and blacks.

State financing of political campaigns and parties, through the latter, including limits on private contributions and a brief period to conduct the campaigns, the development of the government-opposition configuration, through the creation of structures such as statutes on the opposition, the regulation of the administrative career, and the affiliation of control organisms. Decisions on the modernization of Congress, definition of the origin and function of the chambers, organization of debates and blocs, administrative units to handle the Congress, and a television channel for the participation of citizens administered by the Congress of the Republic, new system of assemblies and councils, and revamping of the electoral system.

I am certain the Congress will demonstrate its capacity for self-reform, make partisan activity institutional again, and offer new venues of expression to the increasingly turbulent grumbling by the people. The alter-

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native, honorable legislators, is clear. Either we accept the cost of making political activities an institution or we face the risk of accepting unpolitical activities as a form of democratic development. It is up to you.

Messrs. Senators and Representatives: we will not allow violent people to control our country. There will be no truce on the struggle we have undertaken already against drug trafficking. We will face in a decisive manner the challenge of making millions of Colombians cease to wait amidst their poverty for a first opportunity to move ahead. We must stop the destabilizing actions of those who with their delirious attitude of terror and corruption are undermining the moral foundations of Colombian society. The worst thing that can happen to us is that decent citizens get used to living with violence, or something worse, to live off violence.

I invite you to draw a line, a line that separates the good from the bad, the honest from the corrupt, the violent from the peaceful persons, decent citizens from delinquents. A line that will again trace frontiers and show paths of faith and progress. We are still on time to continue being what we have always been, a nation of happy, honest, dynamic, and hardworking people. Let us bet on Colombia. Thank you. [applause]

Peru

Fujimori, Defense Council Study Ecuadoran Counterproposal

PY2007231595 Madrid EFE in Spanish 2006 GMT 20 Jul 95

[FBIS Translated Text] Lima, 20 Jul (EFE) — The National Defense Council (CND) met today in Government House in Lima to study the Ecuadoran counterproposal for demilitarizing a zone of the Peruvian-Ecuadoran border.

The meeting was presided over by President Alberto Fujimori, with the participation of Defense Minister Victor Malca, Interior Minister Juan Briones, Foreign Minister Efrain Goldenberg, and Economy Minister Jorge Camet.

The other officials who also attended the meeting are: General Tomas Castillo Meza, chief of the Second Military Region; the commanders of the three branches of the Armed Forces headed by General Nicolas Hermoza Rios, chairman of the Armed Forces Joint Command; and Deputy Foreign Minister Eduardo Ponce, who is the Peruvian negotiator before the representatives of the guarantor countries of the Rio de Janeiro Protocol.

The participants of the meeting, which lasted almost three hours, studied the Ecuadoran counterproposal for demilitarizing a zone at the border between the two countries, specifically, the source of the Cenepa River, where a military confrontation took place in January and February.

The counterproposal was delivered to the Ecuador-Peru Military Observers Mission (MOMEP) on 15 July and received by the Peruvian Government on 17 July.

Hours before the meeting, President Fujimori, in brief comments, said that the Ecuadoran counterproposal does not "keep the rectangular shape of the demilitarized zone made in the original proposal (two months ago) by the guarantors" (Argentina, Brazil, Chile, and the United States).

Fujimori pointed out that Ecuador "proposes a shape with irregular sides."

At the conclusion of the CDN meeting, the participants did not make any comments, but sources close to Government House asserted that one of the aspects evaluated in the meeting was the situation of the Ecuadoran Banderas military base.

The original proposal of the military observers included this base within the demilitarized zone and this caused a protest on the part of the Ecuadoran Government and military officials.

In this regard, Peruvian diplomat Hugo de Zela, an expert on the Peruvian-Ecuadoran border conflict, said the Peruvian Government must maintain its position on including the Banderas base within the demilitarized zone.

He said: "Peru must insist that the demilitarized zone include Banderas, which is not just a watch post but an entire military base."

De Zela added that although he does not know the content of the counterproposal submitted by Ecuador to the MOMEP, "everything seems to indicate that Ecuador is insisting on its original position of keeping the Banderas base outside the demilitarized zone."

He also said that during the recent military conflict, Ecuador used the Banderas base to supply military materiel to the Coangos military post, which is the main Ecuadoran base in the Condor mountain range.

De Zela noted that one of the main MOMEP concerns is the Ecuadoran purchase of long-range weapons.

He added: "This is why the military observers and the guarantor countries included Banderas and Coangos in the demilitarized zone."

He said the main Ecuadoran objective is to have access to the Amazon River, which is why "it is using a delaying tactic not to fulfill the Rio de Janeiro Protocol."

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According to de Zela, another Ecuadoran reason is to prolong the tense situation until May of next year, when general elections will be held in that country.

Government Ready To Submit Proposal on Demilitarized Zone

PY2107011595 Madrid EFE in Spanish 2323 GMT 20 Jul 95

[FBIS Translated Text] Lima, 20 Jul (EFE) — According to reliable sources, Peru will submit a proposal on the demilitarized zone in the upper Cenepa River region, in the Condor mountain range, in response to the Ecuadoran counterproposal submitted to the Ecuador-Peru Military Observers Mission (MOMEP).

The Peruvian proposal, which will be submitted in the next few hours, was prepared during the National Defense Council meeting that was presided over by President Alberto Fujimori at Government House today.

Daniel Mora Zevallos, the liaison officer of the Peruvian Armed Forces, will be in charge of taking the Peruvian proposal to the MOMEP.

Uruguay

Decree Begins State Reform Program

PY1907153795 Montevideo EL PAIS in Spanish 12 Jul 95 p 9

["Text" of the decree starting the reform of the state, which will include a reduction in the number of offices, decentralization of functions, and reduction of expenses]

[FBIS Translated Text] Article 1. Items 2 to 14 of the national budget will attempt:

A. To strengthen each state secretariat's substantive function, the definition of its mission and objectives, industrial policies, and aspects of norms, regulations, and control;

B. To establish performance evaluation mechanisms and appropriate resources in accordance with performance indicators;

C. To decentralize services, beginning with services that can be self-financed in the medium term, proposing in each case to commission the partial or total administration of the service by third parties;

D. To eliminate or transfer non-substantial or support activities that result in duplications or superpositions, such as shops, printing offices, cleaning services, canteens, and the like.

E. To rationalize the use of physical resources such as buildings, vehicles, and equipment; and

F. To register all subsidies and transfers, eliminating items not in accordance with the redefinition of substantive goals and objectives established for each item.

Article 2. In order to accommodate what the previous article establishes, each budget item will have to adapt to the definitions and criteria contained in Annex 1.

Article 3. Executing Units will be those in charge of substantive responsibilities. They must also meet, at the very least, the requirements referred to in Annex 2 of this Decree. All other units will be eliminated.

Article 4. Executing Units supporting ministerial activities will have the administrative hierarchy of Secretariat General Directorates. They will be required to adjust to the requirements established in Annex III of this Decree, putting aside all other activities not relevant to the pursuance of their priority goals.

Article 5. The definition and quantification of each Executing Unit's objectives, goals, and activities will be implemented taking into account general and specific parameters that adequately measure its performance.

Article 6. Each department will be required to include all extra-budgetary resources it is currently receiving or is planning to receive. The use of any income received as payment for any extra activity that is not mentioned and authorized by the budget law will be forbidden.

Article 7. Any operational savings at the level of each Executing Unit generated thanks to improved administration could be used — in the established proportion — to create a fund to give employees a performance bonus.

Article 8. Each department should attempt to improve its respective public administration in terms of demands and retributions.

The cost of such improvements must be fully financed by budget savings resulting from Executing Units' size reductions. To this effect, compensations to employees who are no longer needed as a consequence of reorganizations, eliminations, or the fusion of Executing Units will be paid for with what is included in a special registry. The head of each department will be empowered to use up to 20 percent of the savings effectively generated by his departments' reductions to attend to the priority needs of his qualified personnel, and in order to help them improve their performance. Only in exceptional cases will departmental heads be allowed to exceed this ceiling, or when reorganization, eliminations, or the fusion of Executing Units reaches a dimension that justifies the spending.

Article 9. Effective savings will be considered those resulting from the yearly streamlining of the personnel

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cadres described in paragraphs 2 through 14 of the budget.

Article 10. The National Office for Civil Service, supported by the State Reform Technical Work Group, which was established by Decree No. 140/995 of 30 March 1995, is hereby charged with implementing a Labor Readjustment Program for the Public Sector and with carrying out other activities conducive to optimizing the human resources available.

Article 11. The Office of Planning and Budget is hereby charged with revising and updating the distribution of jurisdictions among ministries. The Office of Planning and Budget will have a 30-day period from the issuance of this Decree for this revision and updating.

Article 12. A commission including representatives from the Public Health Ministry, the Labor and Social Security Ministry, the Economy and Finance Ministry, the Office of Planning and Budget, and the Social Security Bank will be formed to review the possibility of transferring the Social Security health services to the State Health Services Administration. The appropriate human resources and materials will be transferred to the State Health Services Administration.

Article 13. Budget applications for paragraphs 02 through 14 of the budget will be formally presented to the executive branch through the Economy and Finance Ministry before 31 July 1995.

Article 14. The organizations included in Article 220 of the Constitution will be asked to take measures similar to those contained in this Decree for presenting to the executive branch their respective draft budgets, especially concerning the deadline established in the preceding paragraph.

Article 15. The Office of Planning and Budget is hereby charged with taking into account the resolutions contained in this Decree for issuing the report prescribed by Article 221 of the Constitution on the budgets of State Commercial and Industrial Organizations.

Article 16. It is so ordered.

Julio Maria Sanguinetti

President of the Republic

Venezuela

Fedecamaras President on Achievements

PA2007235195 Caracas EL UNIVERSAL in Spanish 17 Jul 95 p 2-1

[Report on interview with Edgar Romero Nava, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry, by Luis Manuel Escalante and Pedro Garcia Otero; place and date not given]

[FBIS Translated Text] Fedecamaras' [Venezuelan Federation of Associations and Chambers of Commerce and Industry] new president will be elected on 22 July at the organization's 51st annual convention.

Edgar Romero Nava, the business organization's outgoing president, encountered circumstances which no other Fedecamaras leader had to face: he survived four Venezuelan Presidents (Carlos Andres Perez, Octavio Lepage, Ramon J. Velasquez, and Rafael Caldera); five development ministers, four finance ministers, two Central Bank of Venezuela [BCV] directors, four waves of financial crises, and a 180-degree turn in the government's economy policy.

Romero Nava continues to be optimistic regarding the country's potential. He believes that Fedecamaras fulfilled its role during the difficult years from 1993 to 1995; he also feels proud for having united the organization and for having brought it closer to the labor unions.

Romero Nava does not deny that some points on the agenda are still pending, but he attributes it to the brevity of his term — "scarcely two years, right when you are finding out everything you have to leave" — and to the scarce culture of partnership, which is part of Venezuelan nature.

Romero Nava will now engage in private activities, but will continue his career as a labor leader, which began in Ciudad Ojeda (his hometown) in 1972 and took him in 21 years to Fedecamaras' presidency.

Balance of Objectives

[EL UNIVERSAL] How do you feel now that your term as president of Fedecamaras is coming to an end?

[Romero] I am satisfied with the work accomplished. These were really two very difficult years, which had characteristics that I do not believe any other Fedecamaras president has faced or will have to face. I hope Venezuela will not face the political complications it experienced between 1993 and 1995.

When I began my campaign for the Fedecamaras presidency in January 1993, President Carlos Andres Perez and the ministers of the economic sector — finance, development, and the BCV — were not the same who were in office when I took oath in July 1993; in between I coincided with Octavio Lepage's temporary one-month presidency, followed by Ramon J. Velasquez, and then Doctor Caldera won the elections.

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Therefore, for all practical purposes, since taking office I have seen four Venezuelan presidents, five development ministers (Frank De Armas, Gustavo Perez Mijares, Luis Carlos Palacios, Alberto Poletto, and Werner Corrales); four finance ministers (Pedro Rosas, Carlos Rafael Silva, Julio Sosa, and Luis Raul Matos Azocar), and two BCV presidents (Ruth de Krivoy and Antonio Casas).

These have been active and difficult years. In addition, I had to face the financial crisis. On the night of 13 January 1994, I had to speak with President Velasquez, and on 14 January, with President Caldera, to express my concern regarding the situation I foresaw was coming if we allowed one of the most important banks in the country to collapse, and its consequences — the collapse of the financial system — which later, unfortunately, proved I was right.

With much sadness, I also witnessed the decline of economic groups and the privatization of many of Venezuela's companies and economic sectors, such as the cement, agricultural, and commercial areas, which were sold at "special" prices, without the existence of a national recovery plan for businessmen who lost everything they had built during a lifetime to face the crisis.

In the midst of this situation, I was forced to concentrate on Fedecamaras. I managed the return of institutions which had become somewhat distanced from Fedecamaras, such as Fedeagro [National Federation of Agricultural-Livestock Producers], Fedenaga [National Cattlemen's Federation], Fedeindustria [Federation of Industries], while achieving a rapprochement with the main union leaders, such as the CTV [Venezuelan Workers Federation], CUTV [United Federation of Venezuelan Workers], Codesa [Committee of Cooperative Education], and even the New Unionism.

Additionally, we have made headway with the union leadership on a joint project to revise the holidays and non-working days without the loss of workers' compensation — an agreement which the Labor Ministry views with sympathy.

These fluid relationships with the unions pave the way for discussions regarding the Social Benefits System, restructuring of the INCE [National Institute of Cooperative Education], and the Social Security Fund, which are the three issues that remain unsolved, in which the workers and the private sector are the main partners. If the new board of directors of Fedecamaras and the new board of directors of CTV thoroughly analyze these issues, they could be definitely solved by the end of the year if there is the will to do so on both sides.

I believe one important legacy I bestow is a united business association and the possibility of establishing an anti-inflationary agreement, one of the most powerful tools conceived in recent years.

In addition, I leave the next board or directors fluid communication with the administration.

[EL UNIVERSAL] Do you believe Fedecamaras achieved its institutional role during such difficult years as 1993, 1994, and 1995?

[Romero] Without any doubt. In an organization such as ours, in which the members are chambers, but the owners of the chambers are businessmen, it is impossible to please everyone. I have worked as my conscience and my perception of the country have dictated. I have tried to be prudent, firm, and cognizant of the weakness of the country's current situation and the people's lack of understanding and education regarding economic issues, where people believe that any increase is equivalent to speculation and abuse, not to inflation.

I made a commitment in these last two years to reach the people, to speak in the simplest way possible — less academically and more colloquially — so that the message could reach housewives and students.

The Last Populists

[EL UNIVERSAL] Does Edgar Romero Navas believe that Venezuela is an attractive country to invest in?

[Romero] Absolutely. Let us examine the evidence. Many industries have passed into foreign hands. Venezuela has kept its international commitments, except on a few occasions, and in medium- and long-term plans it has a future. Local investors know this. What Venezuela is not good for, because of currency exchange and price controls, is speculative, short-term capital investments, which we need but which don't even look toward Venezuela.

From Fedecamaras, I have seen many World Bank, IMF, and IDB [Inter-American Development Bank] delegations, which all include a meeting with Fedecamaras in their travel agendas.

I have always told them that every country is based on three columns: the political, economic, and social columns. The political and social columns are not important to first world countries because they already have a mature political system and their social expectations are satisfied. Basically, these countries deal with economic issues: globalization, aperture, deregulation, exchange, balance of payments, productivity, and competitiveness.

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However, in developing countries like Venezuela, the only thing that interests multilateral organizations is the economic issue. The leading countries in Latin America on political issues are Mexico and Venezuela. On 4 February 1992, Venezuela was found to have political problems, and on 1 January 1994, in Chiapas, Mexico's political problems were revealed.

We need to make these organizations see that politics and social issues need to be part of the agenda because there are deficiencies in education, culture, roads, and health. This is not being analyzed either.

Latin American countries give no importance to economic issues until social issues explode. This has happened in countries that have not had the benefit, unlike Venezuela, of a fixed oil income, which even today, in a deep depression, brings in $40 million a day with only 100,000 employees.

Bolivia, Chile, and Argentina are cases where politicians had no other choice than to attend the economic issue because social and political issues exploded and reached bottom. But Venezuela is unique in Latin America because economic issues are last in order for politicians and governments. Politicians want to first see their political participation, then their social action, and last the economic issue.

[EL UNIVERSAL] Is it still that way?

[Romero] Absolutely, even nowadays. The fact that administrations do not take a stand on social benefits, which have workers and entrepreneurs unhappy, proves what I am saying, even though the figures show less jobs and a reduction of workers' real wages. This is definitely because the topic is not a priority in the government agenda. Not taking up an orthodox economic program shows that the economic topic is not assigned any priority.

As long as Venezuela has oil, which yields a huge income even though it is depressed, presidents will always try to put off economic issues. More so because Venezuela has assets such as mining and forestry resources as well as state-owned enterprises, which allow the country to negotiate and that can be used when the oil income runs out. This will always encourage the government to put things off.

Our politicians have grown accustomed to be measured by popularity. No administration has attempted to place the economic topic foremost, with the exception of Carlos Andres Perez' second term, with a poorly developed and explained program. No administration has been willing to assume the political cost of success. Fujimori and Menem did.

But never in Venezuela's history has there been a president willing to lead, because not even CAP [Carlos Andres Perez] carried out definitive changes to the economy. Meanwhile, the standard of living has dropped more each day.

Fedecamaras has always suggested ideas dealing with every angle of national life. Our politicians continue viewing Fedecamaras as protesting cry-babies. How can Fedecamaras make the government understand that when it makes a proposal it is not out of its own business interest, but for the good of the country? What does Fedecamaras have to do to recover its clout?

My term is about to end, but I have also worked with unions. In Venezuela, there is no union tradition; each person feels free to assume responsibilities provided there is a boss.

I do not feel that Fedecamaras is the only organization in the country that has suffered set-backs in its participation. Students' commitment to their universities ends the day they graduate; professionals' commitment with their associations ends the day they register in their respective college, and the few who maintain that commitment only receive criticism from those who have stayed away. When those who have stayed away try to enter to lead these organizations, the first thing they do is precisely to criticize the lack of leadership.

The country needs to once again find itself at its different levels. Opinions given in private differ substantially from those expressed in public. When discussions are made publicly no analysis is made; agreement initiatives are either applauded or rejected, depending on who makes them.

When it is said that Fedecamaras is too weak or too aggressive, this is part of the democratic game. The topic is not Fedecamaras. The country is the topic. When someone attempts to find a solution to the crisis the political power silences him, minimizes him, and worse yet, tries to disparage him. Ideas are not discussed here, they are either rejected or approved depending where they come from.

In addition, people do not realize that Fedecamaras does not represent the most influential groups in the country, which no longer exist, and even if they do, they are limited and are not belligerent, as they defend their own interests. Fedecamaras represents small and medium enterprises, which are a majority in the country. We believe that unity makes us stronger, that we create wealth, and that the country needs wealth because we are tired of poverty. One can build a ranch without permission, but not a house, and the country is full of ranches due to lack of authority.

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Here in Venezuela, poverty and misery are encouraged. We must fill in that vacuum. We have been criticized for this many times, but we have an important role to play, which we are fulfilling and will continue to fulfill. Our organization has shown coherence and has followed a path. It has been and will always be blamed for errors that are not its fault as the administration of public funds has always been the responsibility of the political sector.

We have created multiple institutions to protect abandoned children, unwed mothers, athletes, and those who need credit for their education. We have done this independently from the state. We understand and realize that although we are experts in marketing, we are not good at promoting the business sector. This is not a challenge for one year or for a certain period, it is a 10-year strategic plan.

[EL UNIVERSAL] You said it is hard to please everyone. How many tendencies exist within Fedecamaras, and which are they?

[Romero] There are many tendencies and interconnections with institutions that in one way or another have emerged within the organization, but now are independent. This includes sports organizations such as Los Criollitos, scholarship institutions such as Educredito, post-graduate institutions, such as IESA [Institute of Higher Education for Education] and others that are less known.

In the same way as these institutions were created in the areas of education, health, culture, economic institutions emerged. An example of this is Cedice [expansion unknown], which is based on the economic concept of free enterprise. Although it was originally part of Consecomercio [National Council of Commerce and Services], today it has nothing to do with Consecomercio or Fedecamaras.

The ideological unity within Fedecamaras is around free enterprise. The great majority of its members are in favor of free market. As usual, however, there is a minority that longs for protectionism, the days of the "Great Venezuela," of closed markets. That, however, is a small minority. This is obvious in many ways, and therefore, it is very difficult trying to please everyone, taking into consideration the characteristics that prevail in Venezuela, where associations are not given much importance and where the president must take care of everything.

[EL UNIVERSAL] In referring to tendencies, you said there are still some protectionist sectors within Fedecamaras. You also said you are not happy with the denationalization of enterprises. Was this not a predictable consequence of the commercial opening? Was this not in your plans as promoters of this opening? What has happened now?

[Romero] We have been and will continue to be in favor of the opening. When that opening was defined in 1989, however, it was said that funds earmarked for industrial reconversion were finally absorbed by bureacracy. We were deceived by the opening, and businessmen suffered the consequences of the government's lack of definition. The Venezuelan industrial plant showed its flexibility, and its ability to adapt to the opening. Proof of this was that enterprises did not close, but were purchased, because they were decapitalized while adapting. This would not have happened had there been funds for industrial reconversion.

Anyway, we cannot agree with denationalization. The productive sector paid for the state's inefficiency; the state did not reduce or privatize, it did not release funds, it did not eliminate bureaucracy. We paid for that with the closure of sources of jobs, loss of wealth, and in sum, with more poverty for all.

I disagree with not having a policy in favor of Venezuelan industries on state purchases, which was the price for entering GATT. We are trying to retake the criteria of having the state purchasing Venezuelan products because the largest purchasers here are the Central Government, PDVSA [Venezuelan Petroleum Inc.], and regional governments.

Officials View Iran's Participation in Energy Conference

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[FBIS Transcribed Text] Tehran, July 20, IRNA — Iranian Oil Minister Gholam Reza Aqazadeh[-Khoi] is expected to attend an important international conference on energy due to be held in Caracas, Venezuela.

A senior Venezuelan official, Gonzalo Plaza who is also the representative of Venezuela in OPEC, told TEHRAN TIMES in an interview that Iran's participation in the energy conference is important.

Plaza and Venezuela's Ministry of Energy and Mines executive assistant, Heliodoro Qintero, arrived in Tehran to meet with Iranian officials in the Oil Ministry and Foreign Ministry.

Plaza said the 3-day conference is expected to start on September 24 and will be attended by OPEC and non-OPEC oil producers and representatives of major energy consumers.

Plaza added "the conference will provide all the necessary grounds for confidence building among oil pro-

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ducers and consumers, which is essential for a healthy international market."

"You know at present we see that consumer countries consider the oil producing countries their enemy, as there is fear and tension between the two on every crude oil price increase," he added.

The conference will provide an opportunity for debate and each country will be able to present its point of view in order to enhance understanding, Quintero said supporting Plaza's views.

Quintero added that Iran and Venezuela are among non-Arab members of OPEC, and thus far, both countries have cooperated for a better oil market.

Commenting on current oil prices, Plaza said, "we are not satisfied with the present situation, as we want higher prices. Iran, too, wants the same.

He is optimistic, however, that oil prices will remain the same or may go up for the rest of the year. "The prices will in no way drop," Plaza underscored.

Quintero was optimistic that Iran-Venezuela cooperation in the technical field will improve in the years to come.

The both countries signed a letter of intention in 1991 for cooperation in mines, metals, and iron industries, he added.

"Venezuela is quite capable of joining hands with Iran in mines, metals, and iron industries. What we need is to exchange comprehensive information in order to understand each other," said Quintero.

Commenting on U.S. embargo on Iran, Plaza said as far as Venezuela is concerned, "Washington's call for an embargo on Iran is merely political and nothing in terms of trade and commerce.

He said the objective of their presence in Tehran is to talk about the mutual cooperation in all fields.

Plaza said it is the 6th time he has been to Iran and added that "every time I visit I see more development, more progress and the people more relaxed. [no closing quotation marks as received]

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